

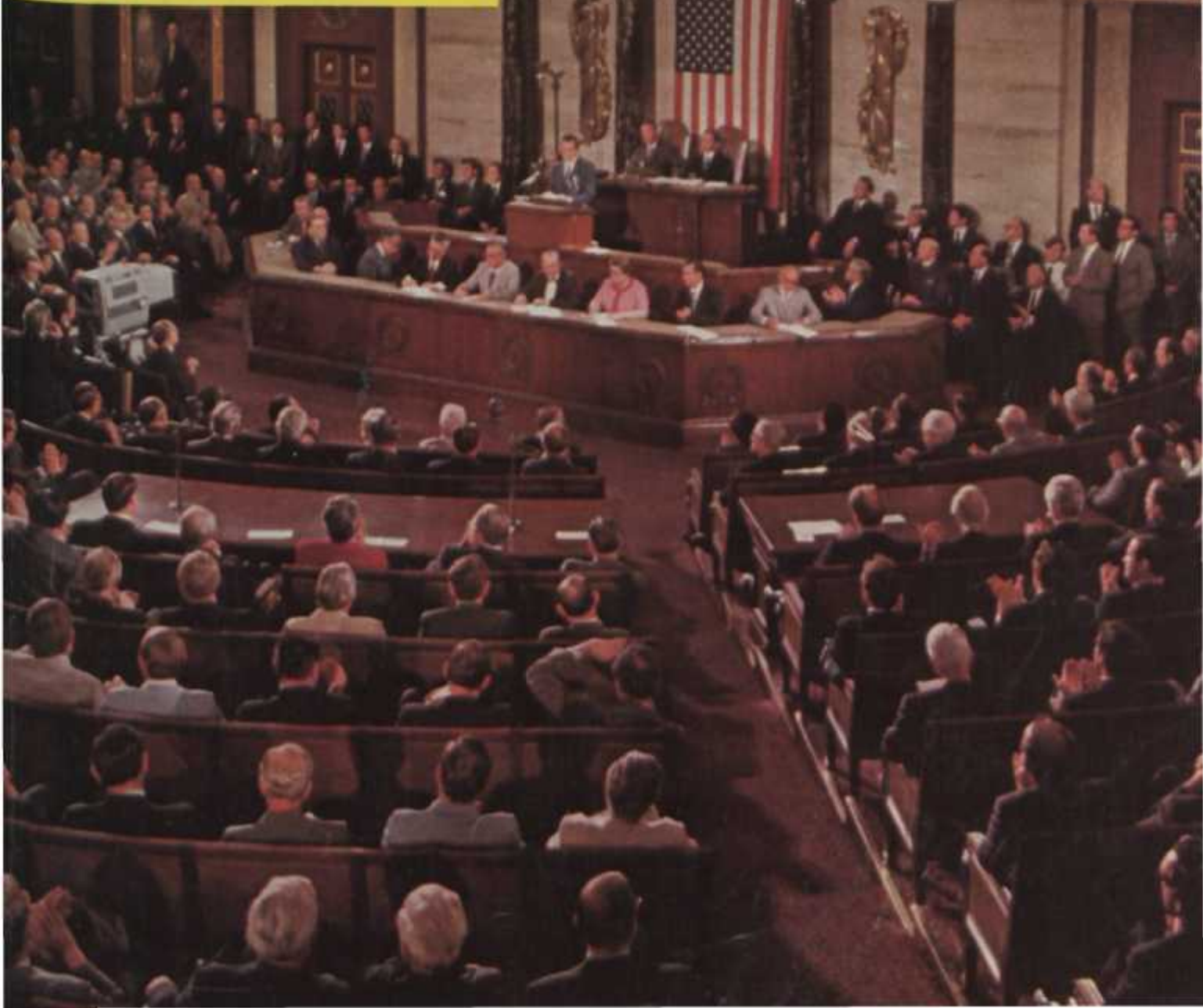
A USEFUL LOOK AHEAD FROM WASHINGTON

JULY 1972

# Nation's Business

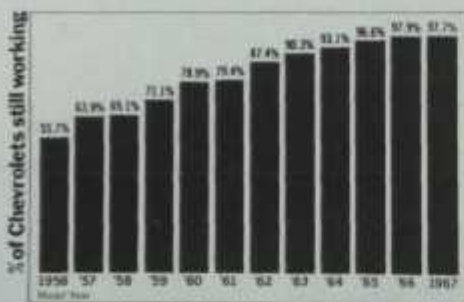
## YOUR CONGRESSMAN'S RECORD

as Liberals, Conservatives  
and Organized Labor See It





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*Fact 1.* As the chart above indicates, over 55% of the 1956 Chevrolet trucks are still on the job. No other make has even half, based on official R. L. Polk industry statistics.

*Fact 2.* In the medium-duty GVW range where the Chevrolet Series 50 competes, Chevrolet is industry sales leader according to official R. L. Polk registration figures.

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# Nation's Business

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Cover photograph by George James

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# Memo From the Editor

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The hubbub over the choice of a President in November—and more particularly, over the Democrats' selection of a candidate to run against Mr. Nixon—tends to obscure some other choices you will make four months from now.

We'll be electing the full membership of the House of Representatives and one third of the Senate, and though those elections won't have anything like the glamor of the No. 1 contest, they'll be pretty important, too.

In so much of the process of governing our country, the President proposes and the Congress disposes—particularly when the issue is how many dollars will be spent and how high taxes will be. Presidents don't always like it, but that's the way it is.

You've been reminded before, I'm sure, how significant your own votes can be, but it's a point that merits repeating. Congressional races can be mighty close. A margin of only 87 votes put Lyndon Johnson in the Senate the first time.

And since you're citizens whose ideas carry weight with others, it's doubly important that you make the correct choices.

To help you in your choices next November, we're providing you (page 48) with three groups' assessments of incumbent Senators and Representatives. One group is conservative, one is liberal and one speaks from the standpoint of organized labor.

(You might think ADA, the liberal group, and COPE, the labor group, see each legislator in the same light, but they don't. Although men smiled upon by one are seldom frowned upon by the other, ADA's smiles may be less friendly than COPE's, or vice versa.)

I wouldn't suggest that you take the ratings in any particular case as the whole story. They're based only on certain Capitol Hill votes—not all the same ones—selected by ADA, COPE and the conservative group, ACA. But they're valuable clues.

It goes without saying that while the attitudes of the men and women who pass our laws should concern all of us, the attitudes of those who enforce our laws should concern us, too.

Last January, *Nation's Business* was privileged to present an in-depth interview with the late, great J. Edgar Hoover—one of the very few he ever granted. This month, we're happy to present an interview (page 58) with the man now holding the top job at the FBI, L. Patrick Gray III.

Mr. Gray, of course, administers his vital and highly effective organization in the shadow of the man who cre-

ated it. It could be no other way. Mr. Hoover ran the FBI for almost half a century and his achievements are legendary. Mr. Gray, whose title is "acting director"—as was Mr. Hoover's initially—has been in office only since May. And whatever he does will be measured against what his predecessor did.

The article opens with a montage symbolizing that. To create it, Yoichi Okamoto photographed a bust of Mr. Hoover (see below) in what is now Mr. Gray's outer office. He enlarged the photo, and then posed Mr. Gray in front of it.

There are some changes in style at the FBI in the post-Hoover area but essentially, Mr. Gray says, he'll operate in the Hoover manner. Editors Sterling G. Slappey and Robert T. Gray, who conducted the interview, think facial expressions even make him look like Mr. Hoover. What do you think?



Wage-price controls are very much in businessmen's minds, as they have been for months. For what many executives have to say about them, and about the futures of the economy and of their own companies, you'll want to read the report (page 28) on our latest Quarterly Outlook Survey.

For what it's like inside the Pay Board these days, you'll want to learn what businessman-member Rocco C. Siciliano has to say (page 24).

It's nice to be told that things are more harmonious on the Board than they were in the days before four of its labor members walked out. It would be nicer to learn that something really is being done about the inflation-causing government spending and unbridled union power that led to the Board's creation.

Jack Woodward



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## Letters

### Broadcasters and Bureaucrats

• The article on commercial broadcasting in the May issue ["Death of an Industry?"] was timely.

In my opinion, there should be a concerted effort on the part of business people to slap down the bureaucrats who have appointed themselves our masters. Every bureau of the government is a law unto itself and bureaus, as such, produce very little for the general good.

Talk about dictatorships! We have been in the habit of considering this a free country. The government bureaus are making it unfree as fast as they can. Our Congress, full of overpaid and privileged lawmakers, sits supinely by and allows the bureaucrats to make the rules while they waste their time with words and words, most of which are meaningless or strictly partisan.

The saddest thing about the bureaucrats is that they are mostly appointees to oversee a line of work, be it professional or industrial, about which they may know nothing. And yet their rules of thumb becomes laws for industries.

We have a business almost 60 years of age which employs 25 people. We render a wholesale and retail service.

The FTC has ruled that we must have two separate corporations, so we keep two sets of everything, from employees to stocks on hand to bank accounts. This is an unnecessary expense because there are no stockholders except the one family.

But there is evidently no way in which to appeal such a matter with the prospect of a sensible ruling.

A.H. ASKELAND  
Secretary-Treasurer  
Twin Ports Optical Co., Inc.  
Duluth, Minn.

• I just wanted to tell you what a superb job I think you did on a very difficult subject in your article, "Death of an Industry?"

We think so highly of it that we have ordered 15,000 reprints for distribution to our members, and we are asking them, in turn, to send it to their Congressmen.

VINCENT T. WASILEWSKI  
President  
National Association of Broadcasters  
Washington, D.C.

• The National Association of Broadcasters has fought everybody in the United States who would even think of challenging their close-knit organization.

If the NAB would try to repair relations with cable TV people, we could present a much greater defense against the ones who give everything to the nonpayer.

CECIL J. URQUHART  
Area Manager  
Nationwide Cablevision, Inc.  
Bellingham, Wash.

• "Death of an Industry?" emphasizes the already known fact that our bureaucracy is taking over what our representatives are elected to control.

But you are not pointing out all the facts that precipitated this oversupply of power to the FCC. Everyone is aware of the sometimes incompetent, sometimes biased reporting of

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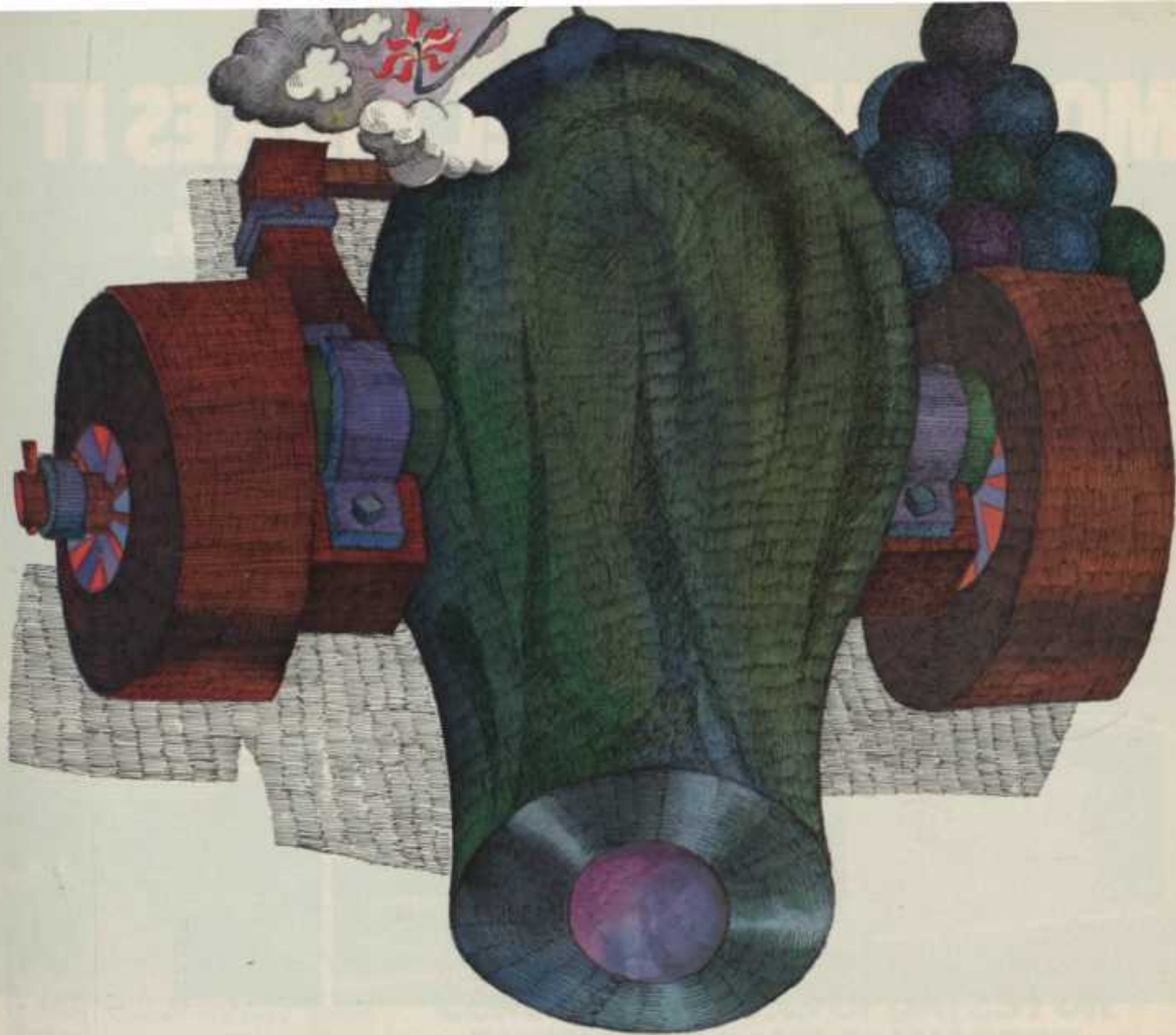
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\* Address all correspondence to Dept. S.B.1.





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the news, especially by TV and including radio and the press. All the mediums of communication are dangerously powerful and need control.

RICHARD R. HANSON  
Stout Falls, S. Dak.

### Misfire in "Backfires"

• A gremlin somehow got into my article, "How Consumerism Backfires" [May].

Referring to my call for a phasing-out of the Federal Communications Commission, the gremlin said the FCC should "retain its control over broadcast licenses." Such control, however, is precisely the only control I wish phased out of the FCC.

The way I put it in my new book, "The Regulated Consumer," is as follows:

"Let present commercial broadcast licensees acquire permanent property rights to their present frequencies, permitting them to sell or lease them, or acquire additional frequencies from others; let the government auction off the property rights in remaining frequencies to the highest bidders; and thus enable the FCC to get entirely out of the commercial licensing—and censorship—business."

MRS. MARY BENNETT PETERSON  
Princeton, N.J.

• Mary Bennett Peterson claims that consumer protection regulations restrict the consumer's choice, add to the cost of his goods, or deny him the use of natural resources. She suggests phasing out various federal agencies, implying that this would result in a free market in which the customer's choice would regulate the quality of the product.

All experience seems to indicate that her proposals, if put into effect, would more likely result in a market in which the consumer would have a choice between the "Belchfire Eight" with unsafe brakes and the "El Fumaro" with a defective steering mechanism.

Let us not forget that producers of goods are also the consumers of goods produced by others, and stop fighting regulations which actually only threaten the unscrupulous or insensitive producers of dangerous or fraudulent goods.

HAROLD R. COX  
Breuer, Maine

### Bulls below the border

• If Donald Regan of Merrill Lynch [Lessons of Leadership, April] has "an interest in everything," he certainly has no expertise in animal husbandry.

This also goes for the "Thundering Herd."

The world knows that Merrill Lynch isn't as "bullish on America" as their TV advertisement indicates. The film was shot in Mexico and there isn't a bull in the herd.

MAXINE KELLY  
New York, N.Y.

[Editor's Note: They were too bulls, Merrill Lynch says, and the film was shot in Mexico because a large number was desired—and Mexico had them. Later advertising films, showing fewer bulls, were shot in the U.S.]

### Ring of truth

• Concerning the cover of the April issue of NATION'S BUSINESS: The man who represents labor in the U.S. is

illustrative—work clothes, grimy hands, hard hat, safety goggles, etc.—indicating that the photograph was taken "on the job."

One question concerning "on the job" safety enters my mind. When was the last time you saw a worker of this type wearing a wedding band on his ring finger while working?

ROGER LAFAUCI JR.  
Warwick, R.I.

[Editor's Note: The job the man was on when the picture was taken was posing for it.]

### Businessmen's union?

• How much more abuse is the gutless wonder who calls himself an American businessman going to suffer at the hands of the government and labor unions before he crawls out from under the bed and takes his rightful place at the head of the table?

When 50 million laborers can be organized and virtually paralyze the nation by striking to enforce their demands, it does not seem too impos-

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## Letters *continued*

sible to me that 50,000 businessmen could be organized and enforce a demand for at least a semblance of sanity on the part of our legislators.

Congress and the Administration complain that no one, especially industry, trusts them. And why should they be trusted? Every time the business world shows a glimmer of confidence and cooperation we are betrayed and promptly kicked in the teeth. I am referring to a long list of anti-business legislation; the last and most outrageously insane is the Occupational Safety and Health Act.

M.H. NORTON

Owner  
Tri-State Elevator Service  
Beverly, Kans.

### **Mooning over billions**

• Re "Memo From the Editor" in your May issue, which quotes C.I.T. Financial Corp. as saying \$100 billion in dollar bills would reach to the moon and back 20 times.

A dollar bill is approximately .004 of an inch thick or \$250 per inch. This is a long way from 20 round trips to the moon.

JOHN J. SLATTERY  
Chico, Calif.

[Editor's Note: The estimate was based on putting the bills end to end.]

### **Hiking the minimum wage**

• I note that you boldly feature at the bottom of the editorial page: "More than 865,000 subscribers."

Do any of us 865,000 subscribers to NATION'S BUSINESS make less per hour than "the proposed legal minimum wage" which you so vociferously oppose? I doubt it!

Therefore, if we wouldn't dare live on such a low, lousy income, why should we begrudge such a piddling increase to the rank-and-file laborer?

LESLIE CONRAD JR. S.T.D.

Pastor  
St. Luke's Lutheran Church  
Richardson, Texas

### **Successful story**

• Re your article, "Success With a Spanish Accent" [March], I wish to thank you for your truthful information about the Cuban refugees living in the States, especially in Miami, and the way you have presented it to the great American public.

ANTHONY C. RIVAS

Builder  
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## Executive Trends

BY JOHN COSTELLO  
Associate Editor

### How to get more out of white collar workers

Don't try what works in the factory. It may flop in the office.

That's what one study suggests.

Recently, A.T. Kearney & Co., Inc., polled 260 leading U.S. firms to find out if they had tried formal programs to increase clerical output.

Ninety had. "How's it working?" they were asked.

"Not very well" or "it's a bust" sums up the replies of two out of three.

But the other third had an exciting story to tell.

"Their output increased an average of 21 per cent the first year," the Chicago-based consulting firm reports. "And an additional 5 per cent each year thereafter."

Why did some programs fail and others succeed?

"All those that worked," the firm says, "laid emphasis on goal setting and job enrichment."

"Not on things like work measurement that have boosted output on assembly lines."

The fact that 170 firms hadn't even tried office efficiency programs is "bad news for the decade ahead," Kearney & Co. comments. It explains:

"In each of the last 20 years, for each 75 cents paid for wage increases in clerically intensive industries such as banking and insurance there was only a 23-cent gain in productivity."

"And by 1980, the Labor Department says, U.S. firms will have 25 million more white collar workers on the payroll."

Unless management turns things around, Kearney & Co. says, "service will turn sour—or profits will tumble."

In fact, profits have already tumbled, relative to what employees are paid.

In 1965, U.S. wages and salaries totaled \$359 billion, and corporate profits (after taxes) \$46.5 billion.

In 1971, wages and salaries were \$574 billion—corporate profits \$47.6 billion.

### Needed: A corporate court jester?

Why not? asks one expert.

"In many businesses, it's a grim gray world," says gagster Robert Orben.

"That's why they have M.D.'s, psychiatrists and psychologists on tap—to help you cope with the rat race."

"Those pill-rollers, head-shrinkers and hand-holders would have a lot less to do—if the daily grind were leavened with humor."

Mr. Orben may know whereof he speaks. His firm, the Comedy Center, Inc., New York, publishes several comedy letters. Many salesmen and executives subscribe to them for funny, one-liner quips to brighten up a speech.

What would a corporate court jester do?

"He'd loosen up the staff," Mr. Orben says.

"He'd roam through the firm, causing a giggle here, a guffaw there."

One executive, who prefers that his name not be used, says caustically: "We've got a guy like that now."

"But he's not a jester."

"He's the boss' lame-brained son-in-law."

### Where the displaced executives are today

"Mostly, they're employed," says one executive recruiter.

He's speaking of the high-priced, high-level executives who were axed in the slump.

Most of them landed in management slots like the ones they left, says Joseph McGinley, executive vice president, David North & Associates, New York City. In 1970, his firm launched TAP—Termina-



The type-it-on-your-own-typewriter foil plate.

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## Executive Trends *continued*

tion Assistance Program—designed to find new jobs for upper echelon executives who were getting pink slips.

He cites these examples:

- John X, group vice president of a Midwest electrical equipment maker. He and several other key executives left when sales and profits plummeted—after the boss nixed their plan to ride out the slump.

"He wasn't exactly fired," says Mr. McGinley. "It was sort of a mutual agreement that it would be best for him—and for the company—if he vamoosed."

"Today, he's a vice president and division general manager with a big Chicago conglomerate."

- Bill Y, a \$40,000-a-year director of mergers and acquisitions for a hot-shot "growth" company. He, and his job, both failed to survive a cost cutting campaign in 1970.

"He was out of work six to eight months," Mr. McGinley recalls.

"Today he's with a Philadelphia insurance firm—for about the same amount of dollars, and doing what he did before."

Who has had the least luck?

"The displaced executive," Mr. McGinley says, "who can't step down in salary or status."

"Sometimes, you must."

"The top-level, highly qualified guy usually figures he'll get his foot in the door—and then make up the progress he's lost."

"He takes one step back—to take two steps forward."

## College costs still climbing

Don't blow your whole bankroll on that summer vacation. Save a little extra for Junior's tuition this fall. Why?

Because private college costs will inch up—maybe 6 per cent. And state college costs perhaps more.

That's the picture from the early returns in the poll that the Life Insurance Agency Management Association takes of colleges each year.

Here are some figures from a sample of private schools:

### 1972-73 School Year

	Tuition and fees	Room and board	Total
Yale	\$3,200	\$1,550	\$4,750
Harvard	\$3,000	\$1,745	\$4,745
Princeton	\$3,050	\$1,370	\$4,420
Smith College	\$2,720	\$1,400	\$4,120
Antioch College	\$3,277	\$ 788	\$4,065
Northwestern	\$3,000	\$1,250	\$4,250
Reed College	\$2,910	\$1,050	\$3,960
Knox College	\$2,950	\$1,000	\$3,950
U. of S. Calif.	\$2,514	\$1,300	\$3,814

"State schools may go up more," says a LIAMA spokesman.

"It's easier now for out-of-state students to establish legal residence. That's because of court rulings resulting from voter registration suits."

"So there are fewer paying the higher tuition that out-of-state students are usually charged."

"As a result, everyone may pay more—to make up the difference."

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## Making Conventions Family Affairs

Mickey Mouse, Pluto and Donald Duck are hosting some of the biggest conventions in America.

In Anaheim, Calif., one of the fastest growing convention cities in the country—an expected 290,000 convention visitors this year against only 45,000 in 1966—the major attraction is, of course, Disneyland.

Where most convention cities suggest you "bring the wife along," Anaheim says: "Bring the whole family." And more and more conventioners are accepting the invitation.

Major convention hotels ring the huge amusement park and guests occupying some 7,500 hotel rooms are within walking distance of Disneyland. For the others, it is a short ride.

"People, of course, associate Anaheim with Disneyland, but when we attract a convention we first have to sell them on our convention facilities," says William F. Snyder, executive vice president of the Anaheim Area Visitor and Convention Bureau.

Among the attractions, in addition



Anaheim, Calif., has a major attraction for conventioners.

to an ample number of hotel rooms, is the city-run Convention Center, which is being enlarged and soon will be the biggest on the West Coast. It is across the street from Disneyland.

Between September and June, when Disneyland is closed to the public after dark, the amusement center is made available for large convention groups in the evening. There must be a minimum of 7,000 in a group and Disneyland can accommodate up to 17,000 persons in a private party.

The Southern California Dental Association recently rented the park for an evening and 14,000 persons—conventioners and their families—attended. Disneyland also attracted 17,000 persons who were in Anaheim for a national convention of apartment builders and developers.

Convention delegates and their families pay \$4 per person, which entitles them to unlimited rides and use of other attractions. The regular price for admission and 10 rides is \$4.95 or \$5.95 for 15 rides.

Visiting Disneyland is a very adult thing to do if you're attending a convention in Anaheim. Adults outnumber children five to one.

Even though Disneyland makes a strong pitch for this convention business it has not eased a rule set down by the late Walt Disney: No alcoholic beverages anywhere in the park.

## Kansas City: Bound to Be Up-to-Date

In "Oklahoma!," the hit Broadway musical of the '40s, a favorite ditty went: "Everything's up-to-date in Kansas City."

The people of Kansas City say those words are valid today.

Not valid, they say, is the next line in the number: "They've gone about as far as they can go."

Where most cities of America are lamenting deterioration, Kansas City is rebuilding on a grand scale—in downtown as well as residential areas. Some \$3.2 billion is being spent on a massive face-lifting of Greater Kansas City.

People take pride in the fact that

only 2.8 per cent of that money comes from Washington. The bulk of the investment—\$2.4 billion, or 75 per cent—comes from the private sector and the remainder was anted up by city, county and state governments.

This ratio of private to public investment in an undertaking of this kind is believed unique among American cities.

Donald J. Hall, president of Hallmark Cards, Inc., and chairman of a civic group spearheading the modernization program, says it indicates "the strong confidence of the business community" in the area's future.

Greater Kansas City, which embraces Kansas City, Mo., and Kansas City, Kans., has a variety of projects on tap: Stadiums, convention centers, a sports arena, a new airport, inner-

city residential communities, schools, colleges and hospitals.

The per capita investment in this work is more than \$2,500, far exceeding the comparable figure for any city in the nation. It is, for instance, five times that of New York City.

Mr. Hall gives much more than lip service to the rebuilding of Kansas City. Hallmark Cards is investing \$200 million in a "downtown suburb"—an 85-acre complex of shops, apartments, office buildings and hotels, as well as a 10-acre park, in the heart of the city.

As Illus W. Davis, former mayor of Kansas City, Mo., puts it:

"Private enterprise in Kansas City is not only alive and well; it's downright precocious."

*continued on next page*



## Political Poster Pollution Purge

Old political posters, like dirty air and water, pollute the environment, but in Dayton, Ohio, they've found a way to eliminate this unsightliness.

After the 1970 elections, Sun Oil Co. offered to pay five cents for each poster removed from trees, telephone poles and other poster-prone objects and turned in to Sunoco stations. Some 30,000 were collected.

The campaign against poster pollution was conceived by Richard E. Swartzman, Sun's Dayton district manager, and Larry R. Menchhofer, executive director of the Dayton City Beautiful Council. Sunoco dealers agreed to underwrite the cost and Ryder Truck Rental supplied trucks to pick up the posters.

During 1971 elections, Sunoco announced a repeat of the drive. But this time only 8,400 posters were turned in. Judy Pope, administrative assistant on the Council, says politicians were shamed into taking most of their own posters down.

The poster cleanup drive will be repeated after next November's voting, with the money this year going to participating civic groups.

## Encouragement for Young Entrepreneurs

Twenty-five years ago a young Navy veteran borrowed \$500 to start a business that now has sales exceeding \$700 million.

Jim Walter, whose name is synonymous with shell homes, will mark his silver anniversary by giving \$1,000 to each of 25 young persons who have proven entrepreneurial talent.

The chairman of the board of the Jim Walter Corp., Tampa, Fla., says:

"We hope the Youth Enterprise Award search will help find and encourage a new breed of business entrepreneurs and, in the process, produce more creative leadership for the future.



*Young volunteer workers at Dayton's Recycling Center, which processes posters among other items, make a haul of waste that can be used.*

Most of the poster pluckers have been youngsters but adults have joined in as well. One man collected 1,200 signs—and \$60.

In the original drive in 1970, the bulk of the tattered posters were disposed of through regular trash pickup but some 7,000 went into a bonfire at a high school football rally.

Last year's posters were recycled through the Dayton Recycling Center, a project of the Council and the Greater Dayton Jaycees, and so cut down on another form of pollution. The Center, which began operations in 1971,

is manned by volunteer high school students who recovered more than 1,800 tons of salable materials in its first year of operation.

Sales of these materials not only pay for the Center's operating costs but help finance a Jaycee handicapped children's program and are helping build a nature trail for the blind.

The politician who posts campaign promises in Dayton can take satisfaction—win or lose—that the voters won't be continually reminded of them long after election day.

"The cash award is really only a token incentive. The opportunity for these young people to receive widespread recognition by the financial and business community . . . should ultimately prove the greatest reward of all."

Deadline for entries is Sept. 11, with nominations coming from chambers of commerce, service organizations, and professional associations and societies, as well as other sources. Nominations may be sent to company headquarters in Tampa, Post Office Box 22601, Zip 33622. Awards will be presented at the stockholders' annual meeting Dec. 7. Anyone between 18 and 25 is eligible.

Mr. Walter, 50, says he can think of no better way to celebrate his 25 years in business than to stimulate young

people to use their initiative in this changing world.

"Starting a business today is not easy," he says, adding that he hopes "our recognition of these youngsters proves helpful."

Jim Walter started the shell home business to fill a need that almost everyone else was ignoring—inexpensive housing for servicemen returning from World War II. The shell home is only a small part of his business today; he has branched into many other building-related areas.

"A major key to our success has been timeliness . . . a track record of having invested in the right things at the right time," he explains.

"We are, I truly believe, a timely company; a corporation which . . . is really with it."



## Too Big or Not Too Big

Perhaps the most important responsibility imposed on the U.S. Small Business Administration by the Small Business Act is that of defining a small firm. This definition serves as the basis for determining which concerns are eligible for the agency's assistance.

Actually, the definition varies, depending on whether firms are seeking financial assistance, looking for help from Small Business Investment Companies (SBICs) licensed and regulated by SBA, or want to contract with the federal government and need aid under SBA's procurement program.

Congress has stated it deems a small business to be one which is independently owned and operated and is not dominant in its field.

In directing the SBA administrator to make a detailed definition, Congress indicated a number of criteria that could be considered—including the number of employees a firm has, the dollar volume of its business, and the differing characteristics of industries. For instance, the size standard used in the oil refinery industry is the number of barrels refined per day.

As a result of this mandate, SBA almost constantly reviews these kinds of relevant factors.

Through the years, the tendency has been to raise standards—usually as the result of pressure on behalf of individual firms which want to stay under the protective umbrella of the SBA procurement program.

Certain government contracts are set aside exclusively for bidding by small concerns. These "set-asides" provide a major income source for a number of firms.

"If the set-aside program is to be of any value to the small business community," says SBA Administrator Thomas S. Kleppe, "it must be based on definitions of small business

that have the effect of offering protection only to those concerns which need such protection in order to compete successfully.

"SBA assistance now is available to firms which really don't need our help to survive."

Consequently, for the first time in SBA history, the agency has begun to lower size standards.

It is agency policy that small firms should not rely on continuing aid under the Small Business Act from cradle to grave, but should plan for the day when they outgrow the need for federal assistance.

By lowering size standards, however, SBA does not intend to limit a firm's growth. Rather, it intends that a small concern should not rely upon government loans and contracts alone for its livelihood. It should enter the commercial market as well.

Besides the criteria set by Congress, factors that SBA has determined should be considered include concentration of output in an industry by a limited number of companies, the ratio of shipments of primary to total products, the total number of concerns in the industry, the size of the leaders in the industry, and the SBA program for which the standard is being established—loans, investment company assistance or contracts.

After determining that a size standard should be changed, SBA publishes a notice in *The Federal Register*. Comments from the industry and other interested parties are invited and, when necessary, a hearing is scheduled. The agency's final decision is published in *The Federal Register* as public notification that a new size standard exists for a particular industry.

The size standard governing meat packers was the first lowered by SBA in its current effort to assure that only truly small firms obtain its brand of federal assistance. Formerly, meat packers who had up to 750 employees were eligible to contract with

the federal government as small firms. Now SBA has lowered the maximum to 500 employees.

More recently, SBA decided to lower the size standard for procurement in the fluid milk industry. This decision is a landmark in the agency's size standards program. For the first time, a standard for an industry will be changed in phases.

Fluid milk concerns may have as many as 750 employees until April 30, 1973, and still be considered small. On May 1 of that year, however, the maximum number of employees will be 625. And on May 1, 1974, the size standard will be lowered to 500 employees.

As mentioned earlier, size definitions are based primarily on the type of aid being sought from SBA.

For the purpose of obtaining loans, for instance, retail and service firms, which combined comprise 56 per cent of the total number of businesses in the country, are considered small if their annual sales or receipts do not exceed \$1 million to \$5 million, depending on the industry.

Firms may be eligible for SBIC assistance if their assets do not exceed \$7.5 million, their net worth does not exceed \$2.5 million and they do not have an average annual net income after taxes for the preceding two years in excess of \$250,000.

On the other hand, construction firms seeking procurement assistance from SBA are considered small if their annual sales or receipts do not exceed \$7.5 million averaged over a three-year period. Dredging firms seeking contracts are small if receipts do not exceed \$5 million averaged over a three-year period. And most service firms that wish to contract with the government may be considered small if their annual receipts do not exceed \$1 million for the preceding three fiscal years.

These are but a few examples. Details on size standards for firms in specific industries are available from the nearest SBA office.

*Prepared by the Small Business Administration.*





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Beechcraft Model 18



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Since 1945, Marathon has owned one or more of these 12 different Beechcraft models. A number of those shown at left are the actual Marathon planes now in operation. The company has continually modernized its fleet as new Beechcrafts have been introduced to fill the needs of corporate aviation.



## Condominium boom at the resorts

An increasing number of condominium properties are being sold these days, not as first or second homes but as investments designed to compete with stocks and bonds.

You buy your own apartment or "villa" at some mountain, beach or desert resort and specify the time of year when you want to take your "free" vacation. While vacationing, you avoid regular room charges but do have to pay a nominal service fee.

The rest of the year, the resort condominium management company rents out your place for a profit which you share.

For example, one resort condominium property opportunity that is coming on the market this summer is being offered by a subsidiary of the Marriott Corp. at its Camelback Inn near Phoenix, Ariz. Marriott will manage the condominium properties, which form a part of the famous hotel.

Prices for average suites (bedroom, sitting room, bath) run from \$40,000 to \$60,000 but you can get a "super-suite" for \$275,000. You buy it with a down payment and mortgage, just the way you would a house.

Condominium owners are also included in a limited partnership that serves as a vehicle for tax benefits.

Prospective owners in the 50 per cent tax bracket can figure that their net economic gain on a \$45,000 condominium will run around \$1,000 a year. This includes income and tax benefits. It does not take into account a virtually free 28-day vacation, nor long-term capital gains that might be made by selling the condominium later on.

Other resorts such as Bryce Mountain, in Virginia (winter—ski, summer—lake) combine condominium offerings and lot sales. If you want to build your own chalet, management offers maid service and will try to

rent the chalet while you're not there.

Keith Romney (a cousin of George Romney, HUD Secretary) is considered the "father" of the condominium movement in the United States. His firm is condominium consultant for the American Hotel and Motel Association and the American Land Development Association.

Until a new association can be formed, Mr. Romney acts as a sort of unofficial information clearinghouse for the resort condominium industry. For more information on resort condominiums, you can write: Keith Romney Associates, 402 Kearns Building, Salt Lake City, Utah 84101.

## Uncle is watching Swiss accounts

Uncle Sam is cracking down on taxpayers who try to hide money in numbered Swiss bank accounts. You now have to list where any money or securities are kept abroad on your income tax form. Only those with less than \$10,000 in foreign accounts are exempt.

The Swiss, who previously refused to reveal numbered-account owners' identities, are now more cooperative with U.S. Internal Revenue Service officials. Still, for the Swiss to break their traditional secrecy on numbered accounts, our government must have evidence indicating a major crime—not just a simple case of tax evasion.

## A piped-in movie in your hotel room

The scene: Businessman's secretary phoning for hotel reservations. "What movie are you showing Tuesday night? 'The Godfather?' He's seen it. Thank you, we'll try elsewhere."

You may soon be following the above scenario when making travel plans. The American Hotel and Motel Association says in-room films are taking hoteliers by storm. You pay

a \$3 room service charge and the movies are piped through your room's TV set.

The Commodore Hotel in New York City has been providing movies (first run features and sports events) this way since early this year. So have the Hyatt House in Atlanta, a Holiday Inn in Little Rock, Ark., and the Gateway Motor Inn in Newark, N.J.

If all goes according to schedule, by the time you read this at least five other hotels in New York will have such films. And they'll soon be available in Chicago, Ill.; Boston, Mass.; Miami, Fla.; Toronto, Ontario; Houston, Texas; and San Francisco, Calif. They may even be in the motel around the corner.

Hotelmen say the movies keep people in their rooms where they spend money on in-house drinks and food. After hotels and motels? You'll be seeing such movies in condominium homes.

## Overseas rent-a-car

If you're planning to rent a car in Europe this year, seasoned travelers offer these caveats:

- Don't drive off on the same day you pick up the car. Check it out first on local sightseeing. Have any mechanical problems adjusted.
- Don't expect air-conditioning, automatic shift and similar niceties unless you want to pay through the nose.
- France charges a whopping 25 per cent tax on rental cars whether you end up in France or not. Switzerland has no tax. Spain and Portugal charge only 2.7 per cent. So, pick your departure point carefully.
- International driver's licenses are needed for Spain and Portugal but are not needed for Britain, France and Italy. You can get a license for \$3 through the American Automobile Association.
- Drop-off charges for leaving your car in another country average \$25 to \$35.

*MR. WEAVER writes a syndicated newspaper column on personal finance, and has a radio program which is broadcast by more than 100 stations.*





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# One Reason It's a Dog's Life

The shortage of doctors isn't confined to those who treat people.

There's also a severe shortage of veterinarians and it's going to get worse.

A study by the Bank of America shows the U.S. could use 9,300 veterinarians in addition to the 27,000 now practicing.

Each year, the nation's 18 veterinary medical schools turn out 1,000 graduates—but they are barely enough to replace the number who retire.

By 1980, the report says, more than 41,000 veterinarians will be needed to serve a fast-growing animal population, mostly of the household pet variety.

The shortage of veterinarians is by no means the result of a lack of interest in the field among youngsters settling on careers. The small number of veterinary schools makes for a limited number of openings. Competition for those openings is strong.

Training, which spans four years of scientific and clinical instruction, is rigorous. A student generally has an undergraduate college degree and has taken preveterinary courses in the basic sciences, just as an aspiring physician has taken premedical courses.

A new doctor of veterinary medicine can expect to spend as much as \$26,000 for equipment and supplies to set up his own practice, depending on his choices. An X-ray machine, for example, could cost from \$1,000 to \$10,000.

A successful veterinarian needs more than just medical knowledge, ability and equipment. There's the matter of his bedside manner.

"Few people are able to evaluate the quality of treatment given their pets," says the Bank of America report, "but they do react strongly to the veterinarian's personality." END

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## Schools Can Learn, Too

Technology's role in American education keeps growing.

For example, the Greater Anchorage Area Borough School District in Alaska will install an advanced computer to be used, among other things, in preparing class schedules, cataloging by number and type the instructional materials available on any given subject, planning school lunches, laying out routes for school buses, and selecting sites for new schools.

The IBM computer, says Assistant School Supt. William W. Klinger, will enable the district to save money on support services and commit more of its resources to actual education.

In Polk County, Fla., the school board fights vandalism and serious disruptions with an automatic camera security system.

The system was installed at junior and senior high schools in corridors, problem classrooms and other potential trouble spots. In addition to mounted cameras, principals are supplied with others for spot use in situations that do not occur in regularly monitored areas.

Cameras—the recently marketed Kodak Analyst Super 8 model—take 7,200 shots per hundred feet of Kodak MFX film. They are encased in sound-absorbent boxes and set to take a picture every 30 seconds.

Films are processed, however, only when there is a need to investigate a specific incident, reports School Supt. W. W. Read.

"We're neither interested in nor do we have the time for spying on our students when they are conducting themselves in manners normal for their age levels," he says.

Students have been told the cameras enable school officials not only to identify those responsible for trouble but to clear those who are not responsible.

"Thus," Mr. Read says, "buck-passing and alibis are eliminated and the innocent are protected."

He reports the number of disruptive incidents decreased shortly after the cameras were installed. **END**

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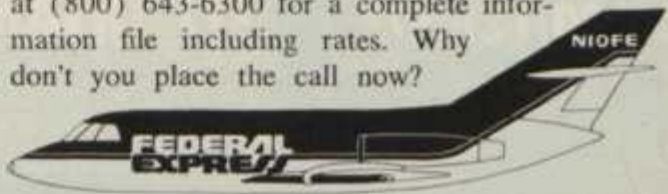
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## Sound Off to the Editor

### Should We Have a 12-Month School Year?

The continuing explosive growth of many of our suburbs has brought renewed interest in a subject that educators have talked about for years—the 12-month school.

Various areas around the country have been experimenting with this concept. One of the latest is Prince William County, Va., which rapidly is becoming a bedroom community for Washington, D.C. It has seen its school enrollment jump from 5,000 in the 1950s to more than 33,000 today and the number of its school buildings zoom from a dozen to 46 in the same period.

Now, at a half-dozen Prince William schools, three-week vacations follow nine-week terms throughout

the year. Students can come in for makeup work, and frequently do, during those three-week breaks.

Saving of some of the high cost of construction is just one reason that advocates of a 12-month system give for breaking the traditional cycle of nine months in school and three months away.

They also say it is silly to let huge educational plants lie idle three months a year. What would happen, they ask, if industrial capacity were shut down annually for that length of time? Proponents contend, too, that one original reason for a summer shutdown has long since lost its validity: Most students are no longer needed for work in the fields.

Opponents of a 12-month school year question whether dollar savings on construction justify what they see as drawbacks: Disruption of family vacation plans; higher operating costs, including more pay for teachers; and an unfavorable effect on students.

They argue that one back-to-school adjustment period is better for students than several (proponents of the change, on the other hand, say three-month vacations are more conducive to forgetting what you've learned) and also that summertime is the best time for out-of-doors activity.

What do you think? Should public schools be operated 12 months a year?

Jack Wooldridge, Editor  
Nation's Business  
1615 H Street N.W.  
Washington, D.C. 20006

Should public schools be operated 12 months a year?

☐ Yes ☐ No

Comments:.....

.....

.....

.....

.....

.....

Name and title.....

(PLEASE PRINT)

Company.....

City.....



## Sound Off Response

### A New Day for the Workweek

There's a lot of skepticism among NATION'S BUSINESS readers about the four-day, 40-hour workweek. At the same time, it has a lot of appeal for many of them.

Fifty-six per cent of responses to the "Sound Off to the Editor" question "Are you for the four-day week?" are against the change from the traditional five-day work stretch. But a healthy minority of 41 per cent favor the shorter week. The remainder indicate they are undecided.

Much of the opposition centers around belief that the fatigue of working a longer day erodes efficiency.

"The 10-hour day further reduces the already sagging productivity of employees," writes T.D. Faith, plant manager at the Philadelphia Quartz Co., Utica, Ill.

"If all the tests and analyses over the past 40 years have any validity, then eight hours per day yields more efficiency than 10 hours per day," comments Nathan G. Mehaffey, Dallas, Texas, district manager for The Equitable Life Assurance Society of the United States. "If we are to maintain our competitive position in world markets, we must produce efficiently."

Richard W. Baum, vice president, Chicago Title and Trust Co., Chicago Ill., says there is a lot of "Pollyannaish thinking being done on the subject. The four-day week, it is assumed, will produce the same amount of work and the same amount of pay. I maintain that the same amount of work will not get done. The workweek will be shorter in total hours, but it will be done at the same rate of pay."

Some think that if there is improved morale and efficiency, as seen by proponents of the shorter week, it will not last long.

"The four-day week novelty will wear thin quickly and the same inefficiencies that exist in a five-day week will be incurred," comments A.F. Avellano, executive vice president, Hunkar Laboratories, Inc., Cincinnati, Ohio.

Richard Caylor, personnel manager, Omark Industries, Arcadia, Cal-

if., agrees. "Productivity in the last few hours of the day will surely decline when the novelty has worn off," he remarks.

Some readers cite unfavorable experiences at their firms.

Walter R. Edwards Jr., president, Hutchinson Dental Labs, Inc., Trenton, N.J., reports his company has been on a four-40 schedule for almost a year. "In our field, the increased production cited by other factories is not apparent... A four-day workweek of 40 hours leaves much to be desired."

Dozens of those responding feel more days off would have a detrimental effect on personal lives. "Few people know how to use leisure time wisely and too much can be boring or demoralizing or both," says H. Alex Rosenfelder, president, Straser Candy Co., Denver, Colo.

"There's too much leisure time now," writes Gladys S. Hardy, office manager, Hays Distributing Co., Pulaski, Tenn. "It will only lead to further disintegration of family life."

Others think it would only be a matter of time before workers—led by powerful unions—would be asking for a four-day, 32-hour week that would drive up costs. Moonlighting, many think, would increase, contributing to higher unemployment and less efficiency. Problems are also seen for service firms that must stay open to serve workers with more leisure; for small businesses that don't have the staff and resources to handle three days off a week; and for other firms that must have a continuous operation and would face great difficulties in adjusting schedules.

Several readers who like a four-day arrangement report positive experiences from trying it.

"Our employees favor the four-day, 10-hour-day week," says Kenneth G. White Sr., president, White's Electronics, Inc., Sweet Home, Oregon. "It gives them a three-day weekend which allows time for travel and family outings. We also experience less time loss from work for doctor and dental ap-

pointments. The working housewife and mother finds it especially helpful, allowing extra time for the duties of the home. Morale is exceptionally high and the employee's efficiency seems to have increased, resulting in increased production. The company also experiences a reduction in the cost of janitorial services, heating and utilities."

Howard R. Gessner, vice president, Gaymar Industries, Inc., Buffalo, N.Y., says his company's manufacturing personnel have been on a four-day week for a year. "Our employees favor it and have not registered any complaints relative to fatigue or restriction of activities," he says.

Many businessmen describe variations of the four-day week—for example, half a day Friday, or alternate four-day weeks with the office manned by half the staff. Some companies seem to be getting their feet wet by trying the four-day week during the summer.

Other businessmen see benefits from the four-day week beyond motivating employees.

"It is bound to increase productivity, since downtime of one full day will be avoided," comments Ushakant P. Patel, a financial analyst with Becton, Dickinson and Co., Rutherford, N.J. Gene D. Zartman, vice president, Thomas H. Ross, Inc., Sunbury, Pa., says: "In the construction industry, daily startup and shutdown costs would be reduced considerably—the fifth work day could be used for repairs and inspections."

Says George Sherman, a vice president at Midland-Ross Corp., Cleveland, Ohio: "Widespread adoption of the four-day week will stimulate the economy. Increased leisure time will have a marked impact on consumer goods. This was evidenced by the transition to the five-day week in the 1920s."

James B. Bardley of Centreville, Md., makes a similar point: "It would bring more business to my business." His business? Mr. Bardley is the owner of the Centre Ville Tea Room.



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## Inside the Pay Board

Rocco C. Siciliano, businessman-member of a panel that makes decisions so crucial to business, discusses the panel's past, present and future



PHOTO: JOE WANDERS JR./PAY BOARD



Have



The all-public Pay Board in a typical session. Rocco C. Siciliano (left, and third from right at the table above) recalls that the original tripartite Board had "some really tempestuous times." There was a lot of "acrimony" and "abuse," he says. He adds that meetings now are "pretty well controlled."

What's ahead for the Pay Board? When can the nation expect controls to come off? How does the atmosphere on the abbreviated Board of today compare to that on the larger, three-part Board of last winter?

For an inside look at these and other questions about wage controls, NATION'S BUSINESS went to Rocco C. Siciliano, the only remaining Pay Board member who originally was appointed to it as a representative of business.

Mr. Siciliano, 50, was tapped for the Board because of his broad experience in manpower activity and labor-management relations—experience he's had both in business and in government.

His career has alternated between increasingly important assignments in private life and others in government service.

He was Under Secretary of Commerce in the Nixon Administration when he left Washington last April to become president of Los Angeles-based TI Corp. (of California), which operates the world's largest group of title insurance companies.

Mr. Siciliano sees the Pay Board's mission as clear-cut.

"The reason we are in business," he says, "is to put a damper on the groups responsible for severe inflation. The pacemakers in the inflation-

ary spiral were aggressive unions—in the contracting industry in particular—who had the muscle to go after what they wanted and get it."

Wage controls now apply to 75 per cent of all workers. Firms with fewer than 60 employees generally have been exempted.

Most of the Pay Board's work, says Mr. Siciliano, "is in matters involving labor organizations as opposed to unorganized workers. The uncontrolled inflation we had was not being caused by the little guy, the worker who doesn't belong to a big union or any union."

#### How long?

Many people inside and outside the Administration feel the Board's job will be done by late this year, but Mr. Siciliano doesn't share that view.

"My guess," he says, "is that we will be in business until the end of the present statutory period that allows us to operate. The authority for this Board runs out next April 30. By that time, the President will have to decide whether he wants to keep us, terminate us or reconstitute us in some lesser way."

"I think there will be a continuation of the President's authority to impose controls, maybe even a continuation of the present Economic Stabilization Act. Maybe a new Act

that would provide smaller handcuffs than he's been given to use this time, or one that might give him more authority."

#### The long-range outlook?

Mr. Siciliano thinks private enterprise will be under the "heavy hand of government from now on, perhaps." He explains:

"Capitalism is a dirty word in some parts of the world, and even in some quarters in this country, but generally we accept the private enterprise system here."

"It really accounts for our great growth. And it succeeds because of its acceptance by the public."

"Nonetheless, in recent years there have been more and more questions about business corporations. I think there's going to be increasing administrative and legislative concern over how the system operates."

And that attitude, he adds, means "the danger of controls. It means giving the President authority, such as he now has, to continue to call into play certain kinds of strictures if the economy is not functioning properly. This may be merely an exhortation kind of control, or an incomes policy, or something like we now have—an in-between kind of program which is still basically voluntary."

"So I think that any Administration in the future is going to be given



## Inside the Pay Board *continued*

more tools than Administrations have had in the past."

Mr. Siciliano is now a "public" representative on the Pay Board, as are all the other six members.

Originally, when wage-price controls were set last fall following a 90-day absolute freeze, the President named five business members to the Board, along with five public and five labor members. The idea was a balanced, tripartite panel.

But after much grousing that labor was being discriminated against, and much use of the unions' considerable clout in Congress to get their way on two key wage issues, four of the five labor members quit the Board in mid-March. The walkout was led by AFL-CIO President George Meany. Only Frank E. Fitzsimmons, Teamsters Union president, remained.

### The lone survivor

So President Nixon felt four of the business members had to go, too. As to how he came to be the lone survivor, Mr. Siciliano reports: "I don't know. I had hoped I wouldn't be. But shortly after George Meany announced his resignation and the other labor members left, I got a call from the White House saying the President had asked that I stay on."

"I declined because I was too new with my company at the time. The marriage between myself and the chief executive seemed to be working pretty well and I didn't want to jeopardize it by taking too much more time off."

"For two or three days I thought that I had gotten away with declining, but then there was more pressure on me—and I know the President was involved personally. They even called the chairman of my company, the chief executive officer, to get his approval. So I agreed to stay on."

Mr. Siciliano devotes up to a week to the Board each month. That involves transcontinental flights and nights in a Washington, D.C., hotel room instead of with his family in Beverly Hills.

While in the capital, he participates in a round of meetings—both full-dress Board sessions and informal conferences.

If he can't get to meetings, rep-



Pay Board Chairman George H. Boldt (center) enjoys some repartee with Teamsters President Frank E. Fitzsimmons (left) and Mr. Siciliano. Mr. Siciliano calls Mr. Fitzsimmons "very responsible" and adds: "It so happens he comes from a labor background and I have a business background, but I don't think his approach is any different."

resentatives—"we used to call them alternates, but they didn't like that term, so now they're representatives"—fill in for him. They must vote the way he wants them to, so if Mr. Siciliano can't be present for Board balloting, they confer with him.

The representatives, he says, are "very good. When there were five business members on the Board, we each had a representative. I was lucky to inherit some of them when the Board was reduced in size."

The Board's early days often were hectic.

"We had some really tempestuous times at the beginning," Mr. Siciliano recalls. "A lot of acrimony and some personal, verbal abuse, which was damned unfortunate. But that calmed down and our meetings have been pretty well controlled for several months now."

The turning point, he says, was "when we got over the hump as to what our policy was going to be. That took the first six weeks. There was this suspicion, particularly on the part of the labor people, that the public members were the handmaidens of the Administration and the business members were linked with the public members."

"So the labor representatives automatically assumed they had a bloc of 10 votes lined up against them. I think we showed otherwise—a number of votes produced a split among the public and business members—

but I'm sure there was still that suspicion. I'd hoped we'd overcome it by the time they walked out, because we had achieved a far more calm atmosphere."

Here are Mr. Siciliano's views on some other aspects of his service on the Pay Board.

**The toughest issue to date.** "The one that caused the most verbal violence was the question of retroactivity—whether workers should automatically get pay raises that had been scheduled to come due during the freeze that preceded the control program."

"That debate was what got us off on the wrong foot, because the union people felt there should be full retroactivity. They never changed in the slightest on that point of view and they eventually won the day when Congress, in extending the Economic Stabilization Act authorizing the controls, provided for full retroactivity."

**Fringe benefits.** "At the same time it acted on retroactivity, Congress recognized another of the labor demands—exempting fringe benefits from any controls. Congress sort of walked both sides of the street on that one. They said fringes were exempt unless 'unreasonably inconsistent.' So we faced the dilemma of defining what they meant by 'unreasonably inconsistent.' It took a month of arguing over just those two words."



"The labor people naturally said, 'Fringes are out—don't consider them at all.' Others said you couldn't simply ignore them because there was still that language in the law—'unreasonably inconsistent.' We examined the legislative record to try to find out what Congress had meant by 'unreasonable,' but there was waffling even there. So we finally put on a ceiling based on our own definition of what was consistent.

"We were over all the big humps when labor chose to walk out."

**Guidelines.** "The basic test is one that says that, at the end of the year, you should not have increased your base employment costs more than 5.5 per cent. Or—and this is not too well understood—a catch-up is permitted so that a great many companies come in under a guideline of 7 per cent of base employment costs.

"And that 7 per cent is an aggregate figure. One individual might get a 2 per cent raise, another 10 per cent and another 20 per cent, so long as the total increase for a company at the end of the year is no more than the applicable guideline.

"An individual business' approach to a pay raise will also be determined by whether there is a union contract in force, or whether there is a merit plan or a combination of both. For fringe benefits, the ceiling is seven tenths of the compensation base in any one year, plus a three-year catch-up of 2.1 per cent for companies that hadn't improved fringes for three years."

**Increases in excess of guidelines.**

"The 5.5 per cent figure was announced by us as just a flexible guideline, but the message never really got across. The media presented it to the public as a flat standard, and it wasn't.

"We said there was going to be an initial bulge because a number of major contracts that had just been completed or were in negotiation would be radically above the guideline figure. From the beginning, we said we expected they would be approved.

"Take coal, for example. That was the first one that hit us. We had no sooner announced guidelines than



Newsman crowd around Chairman Boldt for details on a Pay Board ruling involving East Coast dock workers. Pay Board decisions affect 75 per cent of all workers in the United States.

we were faced with the question of whether we were going to permit an increase that was double the guideline figure. The majority said Yes. It would have been nice to have said No, and to have a symbol to waive to the American people. But the facts persuaded me otherwise.

"For one thing, coal miners comprise one of the most individualistic work forces in the world. They hadn't had an increase in three years and there had been no improvements for 15 years in the funding of their pension plan. And 4.1 per cent of that controversial increase was for such funding.

"Another factor was that the miners' wage scales had always been parallel with, or a little ahead of the steelworkers'; and by happenstance of the calendar, the steelworkers had just received a pay raise when the freeze was announced.

"Recruiting was another factor. Nobody wants to go into the mines any more at a time when coal is a growing industry and our energy needs are increasing so fast. Another point was that we export a lot of coal and a three- or four-month strike would have meant a loss of \$300 million in our foreign trade. All those factors came in, as far as I was concerned. You just couldn't ignore them."

**The Pay Board's growing pains.** "It was very painful at the beginning,

from the personnel viewpoint. We had to reach out and grab people to build a staff. There was pretty heavy turnover. Some people worked out, and some didn't or had to go back to the agency we borrowed them from.

"But now we have some very competent statisticians, economists and lawyers—generally very young but very diligent. Our staff remains a small one, as government agencies go. We're not as big as the Price Commission, which is about three or four times our size. We have 150 on our staff now and we might get another 20 or 25."

**Past failures of wage and price controls.** "In a way, you could argue they never have worked in the past—if you want to look on them as something permanent. Permanent wage and price controls won't work. There will be those who quickly devise ways to get around them.

"The controls we have now are not meant to be permanent.

"From the short-term point of view, I think they can succeed. They're not nice and smooth and neat. That's what infuriates people, because they always want specific answers. A lot of business people get very frustrated when I say they should just operate within the spirit of the program.

"Who wants that for an answer? They want it all defined like an accountant's report, and we don't have that kind of program." **END**



## QUARTERLY OUTLOOK SURVEY

# Moving Faster Under Controls

Most executives think better times are ahead for the economy and their companies; but they don't think it's time to drop wage and price controls



**Charles F. Barber**, chairman, American Smelting & Refining Co., New York City, says the economy "looks O.K." this year but he worries about "the inflationary impact of huge budget deficits." He reports a morale problem at his firm due to Pay Board delay in allowing hikes for salaried workers.



**G.S. Trimble**, president, Bunker Ramo Corp., Oakbrook, Ill., says he isn't optimistic about the economy over the long range "because industry has taken a back seat to social problems. Producers are now considered less important by our government than the nonproducers."



**J. Peter Grace**, chairman, W.R. Grace & Co., New York City, expects the nation's economy to go up for 12 to 24 more months because of expansion policies of the federal government. At his own company this year, he is looking for 10 to 15 per cent improved business. And he says 1973 should see still more improvement.

Leading American businessmen by wide margins, predict that 1973 will be an even better year for business than 1972 is. At the same time, also by top-heavy majorities, they vote for extension of wage and price controls for at least one more year.

Nearly 86 per cent of company presidents, chairmen, senior vice presidents and economists taking part in the 43rd NATION'S BUSINESS Outlook Survey say the economy will improve next year. Nearly 81 per cent say their own companies' revenues will rise. Nearly 72 per cent predict their firms' profits will be up.

In answer to a question on how long they think wage-price controls should continue to be in effect, 212 say indefinitely, 74 say another year, and 41 say more than a year. Twenty-four call for controls for another six months, while others give preferences ranging from one to four months.

Only 83 say controls should not be extended.

Many of the 450 executives who responded to the survey note that



**Stonie Barker Jr.**, president, Island Creek Coal Co., Cleveland, Ohio, says: "Coal markets slumped last year. Industry productivity has declined drastically, due mainly to the Coal Mine Health and Safety Act of 1969." But he adds that "both markets and productivity will improve in 1972 vs. 1971."



**J.W. Marriott Jr.**, president, Marriott Corp., Washington, D.C., says bluntly: "Price controls are in effect; wage controls are not in effect." If the Pay Board does not tighten up, he asserts, all controls should be abolished. He reports controls have cut his company's profits in some areas.





*Hawl*

**Harry J. Bolwell**, president, Midland-Ross Corp., Cleveland, Ohio, wants controls for six more months and says candidly that the future of the nation's economy depends on results of the elections. At the same time, he predicts higher sales and profits for his firm next year.



*Hawl*

**Edwin L. Jones Jr.**, president, J.A. Jones Construction Co., Charlotte, N.C., fears that "big government deficit spending will fuel inflation's fires. Someone needs to get this word over to Congress and to the President." Mr. Jones adds that 1972 "will be a good year" for his business.



*Hawl*

**William H. Hunt**, president, Georgia-Pacific Corp., Portland, Oregon, rates 1972 "a great year" for his company and believes business will go up again in 1973. He cites growth in the building industry and in the economy, generally. He wants controls "until the danger of uncontrolled inflation" ends.



*Hawl*

**J.H. Dugan**, treasurer, Fairchild Industries, Inc., Germantown, Md., wants controls for another year and "gradual relaxation after that, assuming moderate inflation." He says the national economy picture "has improved rapidly," indicating generally higher consumer and capital spending, and bigger profits.



*Hawl*

**Gerald G. Garbacz**, corporate planning director, Boise Cascade Corp., Boise, Idaho, predicts that 1973 sales will be below 1972's primarily due to the company's continuing program of ridding itself of unprofitable units. At the same time, he forecasts a "noticeable" profit rise.

wage scales are at their highest point in history and apparently are going higher. They say the inflation rate—currently or potentially—is still too rapid, though it has been slowed somewhat.

For example, James R. Carter, chairman, Nashua Corp., Nashua, N.H., says the controls—brought in under President Nixon's New Economic Policy last Aug. 15—should be continued "until such time as the excessive inflationary psychology—now merely smoldering, in my opinion—is quenched or seriously abated."

J.W. Wilcock, president, Joy Manufacturing Co., Pittsburgh, Pa., wants controls until inflation is down to 3 per cent per year.

Four executives who couple a need for controls with a need for putting a brake on labor are Harold Hafner, vice president, Monarch Steel Products Co., Inc., Oakland, Calif.; C.H. Smith Jr., chairman, SIFCO Industries, Inc., Cleveland, Ohio; Bennett Archambault, chairman and president, Stewart-Warner Corp., Chicago, Ill.; and Jim Barlow, president, Anderson Clayton Co., Houston, Texas.

Mr. Hafner says controls should continue "indefinitely, or at least until some way is developed to curb the unbridled power of unions whose unrealistic wage increases caused the problem in the first place."

Mr. Smith says controls should be retained "until union monopoly power is effectively restrained."

Mr. Archambault: "Until it seems clear that the pattern of unreasonable wage demands by organized labor has been brought under control."

Mr. Barlow: "Until new, realistic labor legislation is passed."

Archie K. Davis, chairman, Wachovia Bank & Trust Co., Winston-Salem, N.C., and immediate past president of the Chamber of Commerce of the United States, offers some words of caution:

"Controls should be relaxed or discontinued as soon as they have run their course of usefulness in the fight to moderate inflation. Care should be taken to not let such controls become permanent, because over the long run the best interests of the economy and our country should be better served by letting the normal



## Moving Faster Under Controls *continued*

market forces of supply and demand be the major factors in controlling price inflation."

Says Daniel L. Hurson, chairman and president, Acacia Mutual Life Insurance Co., Washington, D.C.: "The objective of the controls on wages and prices is to help control inflation. Therefore, they should remain in effect as long as necessary to bring the rate of inflation down to a reasonable level and keep it there. Experience of the U.S. and other countries suggests that without controls on both wages and prices, inflation is almost certain to get out of hand in an expanding economy."

W.T. Piper Jr., chairman, Piper Aircraft Corp., Lock Haven, Pa., says "there is much question in my mind as to whether there actually is any wage and price control," but adds that the measures now in effect "should continue until there are definite signs that runaway inflation has been controlled."

Another airplane company executive, J.A. Elliott, vice president and treasurer, Beech Aircraft Corp., Wichita, Kans., wants to see controls kept on "at least for the remainder of 1972." They have caused "more paper work," for his company, he says, "but we agree that controls were needed."

NATION'S BUSINESS asked: "How have wage-price controls affected your business since they were established nearly one year ago?"

Answers (not every executive taking part in the survey responded to every question) shape up like this: Helped, 80. Hurt, 147. Did neither, 214.

Another question was: "Where do you think the nation's economy will go from here—on up, level off or turn down?"

Three hundred sixty-nine executives expect an improvement, and 47 see the economy remaining at the level where it has been in recent months. Only 15 expect a decline.

In answer to a question as to how "1972 is shaping up for your company," 367 executives report business is better than last year, 42 say it's worse and 30 report it's about the same.

Two other questions, and summaries of the answers:



**Franklin Briesse**, chairman, Minnesota Mutual Life Insurance Co., St. Paul, Minn., has put together a larger and better sales force and says 1972 is shaping up very well. He looks for a 10 per cent volume rise in 1973. For the nation's economy, he predicts further improvements in the next 18 to 36 months.



**Harry J. Volk**, chairman, Union Bank, Los Angeles, Calif., says: "Controls should be eliminated as soon as a reasonable pattern of wage and benefit increases appears. But some form of wage controls may be needed longer than price controls, since prices are more responsive to free market conditions."



**Herbert S. Richey**, president, Valley Camp Coal Co., Cleveland, Ohio, pessimistically sees a not-so-good year ahead for his firm since coal output may be curtailed by oil imports. A small loss this year may be matched in 1973, he says. As for controls, he wants them taken off now.



**Earl D. Hilburn**, president, Western Union Telegraph Co., New York City, predicts a 10 to 15 per cent revenue gain for his firm in '73. He says controls should remain in effect until President Nixon's objectives are achieved. National economic indicators, he says, "show a continued slow recovery."



**Winston V. Morrow Jr.**, chairman and president, Avis, Inc., Garden City, N.Y., believes "more workable controls will be needed," and "for a long time." Present controls, he says, have not had a material effect on his firm's operations. He says that 1972 is shaping up as a good year for Avis.



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Plants in Baltimore, Houston, Los Angeles; 45 branch offices.

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## Moving Faster Under Controls *continued*

"What are you looking for next year in the way of sales or volume for your business and how will this compare with business in 1972?"

Three hundred forty-nine look for increases in revenues, 24 for decreases, and 56 for no real change.

"What are you looking for next year in the way of profits for your business and how will they compare with profits in 1972?"

Three hundred look for increases, 46 for lower profits and 72 for about the same profitability.

R.A. Weller, president, Otis Elevator Co., New York City, expects a slight increase in his firm's volume next year, but as a matter of policy declines to forecast profits. He does not feel construction wages have been effectively controlled or ever will be, and therefore believes controls in general should come off.

Clyde Robertson, president, Illinois-California Express, Inc., Denver, Colo., notes "more stability" in his company's costs but regrets that due to controls, salaries of "some of our lower paid management people" could not be increased, resulting in "individual hardships." He feels that the economy will move upward, though not dramatically, and that optimism in the population is growing.

Ross D. Siragusa Jr., president, Admiral Corp., Chicago, Ill., says Admiral's "profits should improve at a greater rate than sales." He feels the nation's economy will have a short-term rise this year which will reach a plateau in 1973. Over the longer range, he says, the economy will continue upwards. His reasons? "Consumer confidence is building up, high rates of savings and generally better economic environment."

John W. Sullivan, chairman of another Chicago-based firm, Skil Corp., says it will do better in 1972 than in either 1970 or 1971, and 1973 will show a "modest improvement" over this year. He says controls "should be abolished immediately."

Hugh Evans, board chairman of the major New Orleans, La., store, D.H. Holmes Co., says customers are spending more and "1972 will be our best year." Both sales and productivity are up at D.H. Holmes, he says. As for 1973, he looks for a still better year. **END**



**John L. Gillis**, senior vice president, Monsanto Co., St. Louis, Mo., reports that increased sales in housing, autos and textiles are turning 1972 into an "improved year" for Monsanto. He says volume will be better in 1973 than this year, and profits should show a 5 to 10 per cent increase.

*Have*



**T. Vincent Learson**, chairman, IBM, Armonk, N.Y., says: "Wage and price controls have helped but we should begin right now to think about eliminating formal controls." He feels that the economy's quickened pace this year should continue into 1973 and that consumer confidence has improved.

*Have*



**W.G. Claytor Jr.**, president, Southern Railway Co., Washington, D.C., says the "wage-price squeeze is depressing earnings before taxes, but benefits of investment tax credits should improve net income." Hopefully, he says, controls will not be continued "much longer."

*Have*



**Walter O. Spencer**, president and chief executive officer, The Sherwin-Williams Co., Cleveland, Ohio, expects 1973 to be better than 1972 for his company but says the "uncertainty of evolution of Phase II could change this." He favors keeping controls "until the economy has stabilized."

*Have*



**C. William Verity Jr.**, chairman, Armco Steel Corp., Middletown, Ohio, says steel prices "are probably lower than they might have been without controls, although the 'term limit pricing' formula has permitted increases about in line with market conditions for individual products."

*Have*





## This Month's Guest Economist

W. James Lopp II  
First Vice President  
Eastman Dillon, Union Securities & Co.

### Financing Pollution Control

With anywhere from \$20 billion to more than \$100 billion estimated as the cost of bringing American industry up to air and water quality standards now in effect or currently being considered by Congress, some leading corporations are turning to a financing technique almost forgotten since its heyday in the Sixties.

During those years, investment bankers with corporate as well as municipal financing expertise brought together industry-seeking public officials and businesses searching for attractively priced capital.

The result: the industrial revenue bond, a tax-exempt security that reached an annual new financing level of almost \$1.6 billion in 1968.

Participants in this dramatic era of industrial expansion included dozens of little-known communities across the nation and some of the best-known names in American industry.

The basic approach was a rather simple one. The communities, backed by legislation, exercised tax-exempt status and borrowed the lower-cost dollars in the municipal bond market. Then they built manufacturing facilities and leased them back to corporations. Lease revenue from the highly creditworthy companies repaid the borrowed money.

Differences of opinion on the use of industrial revenue financing were rather strong. On the other hand, hundreds of communities found themselves with new, job-producing plants.

With the growing success of the industrial revenue bond, the opposition also grew in strength. Elements of the investment banking community, local governments, Congress and the Treasury Department questioned the propri-

ety of using tax-exempt financing as a substitute for the traditional corporate debt securities.

As a result of such opposition, Congress in 1968 greatly limited the use of IRB's. Generally, financings were held to \$5 million or less, and by the end of 1969, IRB financing had practically disappeared.

But there were some important exceptions to the general limit. One of the more significant—particularly in view of the growing public demand that industry come to grips with its ecological problems—was financing primarily directed toward water and air pollution control.

For example, by using a tax-exempt public authority to finance environmental improvement projects, corporations generally are able to obtain the following benefits:

1. Money is borrowed through a public authority at a tax-exempt rate, thereby reducing interest costs 1½ to 2 per cent below prevailing corporate lending rates.
2. Property taxes based on a proportion of the value of pollution control facilities may be avoided.
3. Depreciation, the investment tax credit and rapid amortization, as well as interest deductions, are available just as if the corporation had financed with its own debt.
4. In certain instances, previously constructed facilities can be refinanced through the public authority at a tax-exempt rate.
5. Alternate sources of financing, that

are seldom available to corporations, can be tapped. Namely, insurance companies, trust accounts and commercial banks that buy tax-exempt bonds for their own portfolios and for wealthy individuals.

6. The ability to obtain 100 per cent financing as opposed to having to provide some form of equity.

In April, 1971, Allegheny County, Pa., cooperated with United States Steel Corp. in a \$5 million financing of an air pollution control facility with an IRB issue. This underwriting signaled the revival of the old technique with the new ecological twist.

Later, Missoula County, Mont., marketed a \$15 million IRB issue in order to acquire air and water pollution facilities for a local paper mill owned and operated by Hoerner-Waldorf Corp., and Cornell Township, Mich., raised \$11.6 million for a similar purpose on behalf of the Escanaba Pulp Co.

It's estimated that \$500 million of tax-exempt bonds for pollution control facilities will be underwritten this year, compared to about \$65 million in 1971. Volume could approach \$1 billion next year.

While some of the old opposition to the IRB could once again develop, the consensus is that this will not be the case.

Congress, the public, investment bankers and investors realize that although the use of industrial revenue bond issues back in the Sixties may have in some instances been abused, expenditures for pollution control result in no economic benefit to the borrower, but the public benefits from a cleaner and healthier environment.



## America's Busiest Flagpole

*Karel*



In the first five months of 1972 there were 11,759 flags flown atop a special pole at the U.S. Capitol.

More than a quarter of a million flags have been flown there in the past 35 years at the request of patriotic organizations, churches, schools and individuals across the nation.

House and Senate members have received hundreds of requests from throughout America for flags flown over the Capitol on Independence Day, 1972.

All it takes to obtain such a flag is a check or money order for \$3.42 for one that is three feet by five feet, or \$6.84 for a five-by-eight standard.

Your Congressman will see to it that a banner waves over the Capitol for you on the day requested, if possible. Once it is flown, even for only moments, the Architect of the Capitol Office provides written documentation that the event took place.

"People don't have to buy one of our official flags," explains Mrs. Helen Fister, purchasing agent in the Architect's Office. "They can send

their own, so long as it's an authentic 50-star flag.

"We've flown very large and very small ones. Last year we flew a very beautiful hand-crocheted flag. Once we flew one that each member of a Boy Scout troop had helped to make."

Three full-time people and one part-timer work regularly in the Architect's flag room in the basement of the Capitol, typing letters to certify that the banners have been flown and caring for the heavy in and out flow of red, white and blue traffic. Certified flags are flown each morning, except when it's raining.

### A day to remember

It poured last Dec. 7, the 30th anniversary of the Pearl Harbor attack, when, by special request, many flags were to have been flown.

"We had no way to hang out hundreds of flags on a line to dry," recalls Mrs. Fister, "so we flew each one briefly and repacked them in their boxes, advising House and Senate members that they were wet."

The dependably big days for special requests each year, besides July 4, are Memorial Day, Flag Day and Veterans Day. But the all-time record was set on July 4, 1960, the day the 50-star flag became official (but *not* the day the 50th state, Hawaii, joined the Union; that was the previous August).

Eighteen extra flagpoles were erected on the roof of the Capitol's West Portico for that occasion, and 5,130 new American flags were run up and down the poles during a 10-hour period.

An even 100 Capitol employees began flying the 50-star banners at midnight, and the work was done at 10 a.m. (Flags have flown night and day over the Capitol since World War II. Congressional and Presidential action has made it all right to fly Old Glory anywhere after dark provided it's suitably displayed—i.e., floodlit.)

A check of records shows that flag prices, contracted through the House and Senate stationery rooms, barely



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**abilities than you probably imagine,"**  
**was he thinking of you?**

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You see, in most human beings there's a great potential that's just waiting to be tapped. We've created programs for personal motivation and development and business and sales training that have helped thousands achieve greater personal and financial success. These programs work: they've been proved successful over the past ten years in homes and offices all over the world (including more than 300 of Fortune's top 500 corporations).

Now, we're ready to bring our products to everyone who wants to lead a richer, fuller life. And, we need distributors to help us—men and women who want the personal independence of a business of their own.

Not everyone can qualify. The people we seek have developed an attitude of success. They're willing to make a small investment in inventory and a major investment in effort. We want people with goals, who

are actively looking for the opportunity to utilize fully their talents and abilities to reach those goals.

If you can bring these qualities to us, we can offer you personal independence, an immediate income that grows as you grow, and business and community prestige and leadership. We'll provide products acknowledged to be the finest in the field, unique executive seminars and distributor development programs under the guidance of home office management teams to help you establish your business in the patterns of success.

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**"A trade association is . . .**

an organization for mutual benefit, which substitutes knowledge for ignorance, rumor, guess, and suspicion. It tends to substitute research and reasoning for gambling and piracy, without closing the door to adventure, or lessening the value of prophetic wisdom."

—Justice Louis D. Brandeis

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## Busiest Flagpole

*continued*

have changed over the past 20 years.

"Automation has kept the prices down," says Robert Kengla, a representative of the Dettra Flag Co., Inc., of Oaks, Pa., near Valley Forge. "Stitching is done by sophisticated sewing machines, for instance. The hemming can be done on four to five flags a minute."

Dettra at this time holds the contracts on supplying both the House and Senate with the three-by-five and five-by-eight flags.

### National mood changes

Despite their speed of production, flag-makers found themselves two months behind in orders two years ago, when there was a national surge of interest in patriotic items ranging from lapel-sized American flags to love-it-or-leave-it bumper stickers.

On July 4, 1970, the House and Senate stationery rooms were out of flags and more than 4,500 orders behind. They had companies in Pennsylvania and New Jersey working full-time on back orders.

But now, flag sales generally are below what they were then.

"The boom was brought on by the war protesters," says Norman Rivkees, sales vice president at Annin & Co. of Verona, N.J., largest and oldest of the flag companies. "Their protests often focused on the flag, which became a symbol for both sides. Now, the whole mood of the country has changed."

Annin celebrates its 125th birthday this year—a company which has flown its wares at every Presidential inauguration since Zachary Taylor's. The flags first planted at the North Pole and on the moon were Annin products. And an Annin flag draped President Lincoln's coffin.

In all that time the flag business has remained unpredictable. "It's just not possible to project sales," says Mr. Rivkees.

A look at records in the Capitol Architect's Office shows an uneven though generally upward demand for specially flown flags, beginning in 1937, when six were flown, through 1971, when the total was 27,659.

The record year was 1970, when Old Glory went up that special pole on the Capitol roof 31,722 times, a 33 per cent increase in volume over the year before.

—SETH KANTOR



This is the ad the Racing Form refused to print!

# Winning at the Races May Not Be Your Idea of Fun, But...

Here I sit, trying to write about Larry Voegelé. And all the while I'm working and sweating, the guy I'm writing about is out at the racetrack. Not a worry in the world—and probably making more money in a day than I make in a week.

What's his secret? *He knows how to beat the races. Really knows.* Knows so much that he runs a school for handicappers. (It's the only one of its kind in the world. Which is why he was asked to appear on "What's My Line.") He charges his "students" two hundred bucks apiece. He tells them that if they're not completely satisfied he'll return every cent they've paid, and *nobody* has ever asked for his money back.

What's more, he went on a live radio show (The Pete Smith Show on KMPC, February 20, 1971) and did something that had never been done before. Mr. Smith really threw it to him: asked him to pick the winners in the 7 races that were being run at Santa Anita, while the program was on the air. Two out of seven would have been good enough to show a profit. Three would have been phenomenal. Larry Voegelé picked five!

If he'd been at the track betting, say \$20 on each race, he would have picked up a cool \$404... net profit! Not bad for an afternoon's "work."

And all the knowledge that Larry publicly *proved* that day... every fact that he teaches in his \$200 course... is in his book.

If you've never bet on a horse in your life, you'll read and enjoy every word. And end up understanding more than most guys who have been following the ponies all their lives.

If you're an oldtimer, you'll skip the background and get right down to the nitty gritty. If you can forget what you *think* you know, if you have the nerve—and the *discipline*—to follow his methods to the *letter*, you could make more money than you ever dreamed possible.

Why? Because you'll *know* more than 95% of the people who go to the track—and you're betting against *them*! The money they lose, *you'll* win! The track and the state take their cut, but there's plenty to go around.

At Santa Anita, for example, over *two million dollars* is bet every day. And it's a statistical fact that only one out of 20 walks out a big winner. You can be one of them!

Larry Voegelé doesn't look like a race-track tout. He's not.

He's a college graduate. He was the editor of a newspaper. He was a legislative assistant to a congressman.

He was a stockbroker, working for a major Wall Street firm. *Was* because he found out that investing in horse races was *safer*—and more profitable—than trying to beat the Bulls and the Bears at their own game.

And that's the secret of his book. He approaches handicapping as a *professional*. It's *scientific*. No "hunches." No "tips." No so-called "systems."

It isn't even "inside information." Just simple, hard *facts*. Facts that *anyone* could see if they knew what to look for. In short, if they knew what Larry Voegelé knows—and tells in his book. It'll take you about an hour to read it. Another hour to practice what he preaches.

Then if you do *exactly* as he says, step by step... if you don't get reckless or greedy... you'll be on your way to the kind of life you want.

Is that worth a 2-hour investment? Because that's all you're risking. Just time. Not money.

Here's why: your check or money order will *not* be deposited for two weeks *after* your copy of the book is mailed. That'll give you plenty of time to receive your book, read it thoroughly, and put the principles into *action*.

If you're not thrilled with what you've gained, just send the book back within 14 days. Your *uncashed* check or money order will be in the return mail!

Ever heard of an offer like that? No. But there's never been a book like this either.

As to the price—if you decide to keep the book. Frankly, we didn't know what to charge. It isn't just paper and ink. It's *information*. Facts that dozens of people have paid \$200 to gain—and were satisfied to pay.

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675 Races, 222 Winners  
Avg. Win Price: \$9.00 32% Winners  
Net Profit \$20 Flat Bet to Win: \$6,480.00

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540 Races, 183 Winners  
Avg. Win Price: \$9.60 33% Winners  
Net Profit \$20 Flat Bet to Win: \$6,666.00

### Bay Meadows (64 days)

576 Races, 178 Winners  
Avg. Win Price: \$8.90 31% Winners  
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### Santa Anita (75 days)

675 Races, 218 Winners  
Avg. Win Price: \$8.58 32% Winners  
Net Profit \$20 Flat Bet to Win: \$6,237.00

### Pimlico, Winter 1971 (30 Days)

270 Races, 97 Winners  
Avg. Win Price: \$9.84 35% Winners  
Net Profit \$20 Flat Bet to Win: \$4,140.00

### Hialeah (40 days)

400 Races, 147 Winners  
Avg. Win Price: \$7.80 37% Winners  
Net Profit \$20 Flat Bet to Win: \$3,148.00

### Aqueduct (42 days)

378 Races, 127 Winners  
Avg. Win Price: \$9.10 33% Winners  
Net Profit \$20 Flat Bet to Win: \$3,807.00

But there aren't many people who can afford that kind of money. Even for a sure thing.

So what do you think about 10 dollars? That's all—10 dollars. And you have something *better* than a money back guarantee. Because your check or money order won't even be cashed unless—and until—you decided to keep the book because it's worth a *lot* more.

Winning at the horse races, traveling first class and living in the best hotels may not be your idea of fun. As for me, I think it sure beats working for a living. See you at the track.

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OK—I'll take you up on your offer. Send me Larry Voegelé's book. Enclosed is my check or money order for ten dollars, but **DO NOT DEPOSIT IT FOR 14 DAYS AFTER YOU SEND MY ORDER.**

If I return the book within that time, you'll return my payment, uncashed, by return mail. ☐ Please send Air Mail! I enclose an extra dollar.

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# Gilbert W. Fitzhugh of Metropolitan Life

A permanent vocation began  
with a temporary job

A casual conversation brought Gilbert W. Fitzhugh to the Metropolitan Life Insurance Co. as a filing clerk during his summer vacations from college.

Now, as board chairman and chief executive officer of the vast company, he says with a grin: "I've been lucky all my life."

But obviously, a lot more than luck has been involved along the way.

It took ability and effort to earn a bachelor's degree in mathematics, magna cum laude; to work his way up to become an officer of Metropolitan by the time he was 30; and to be tapped for one key assignment after another in the years that followed.

Mr. Fitzhugh joined Metropolitan's actuarial division on a permanent basis after graduating from Princeton in 1930. At that point, he had passed six of the exams an aspiring actuary has to take.

By 1932, he had completed all of the many exams required for acceptance in the leading actuaries' professional organizations. But he was only 23, two years short of the mini-

mum age, and he had to mark time before they could admit him.

Mr. Fitzhugh's career broadened beyond actuarial work in 1945 when he was named assistant general manager of Metropolitan's head office in Canada, where he served for three years.

After successive promotions up to the vice presidential level in the home office, he returned to Canada in 1960 as general manager.

The remaining steps on the ladder were executive vice president, president and chief executive officer, and, on Oct. 1, 1966, the very top.

From that lofty position Mr. Fitzhugh heads an organization with \$177 billion of life insurance in force, a high for the industry; \$29 billion in assets; annual income of some \$5.5 billion in premiums and return on investments; and 55,000 employees. Metropolitan policies cover 47 million Americans and Canadians.

A native New Yorker as were his father and grandfather before him, Mr. Fitzhugh has been deeply involved in the problems of his home

city, both through his company's far-reaching social action programs and as 1971-72 president of the New York Chamber of Commerce.

He also has held an important national assignment—as chairman of the Blue Ribbon Defense Panel named by President Nixon in 1969 to make a yearlong study of Defense Department organization and procedures.

At 62, he still finds time occasionally to pursue a lifelong hobby—hiking up mountains—though he admits "the mountains I climb have gotten smaller." He even managed to do some climbing on a recent trip to the South Pole.

In his office in the Metropolitan Life building in mid-Manhattan, Mr. Fitzhugh talked with a NATION'S BUSINESS editor about scaling a different type of heights—corporate ones—and about other aspects of his career:

*You've never worked anywhere but at Metropolitan. What brought you here?*

It is one of those stories of the little things that affect a man's life



## Lessons of Leadership: Gilbert W. Fitzhugh *continued*



Mr. Fitzhugh, whose work takes him to Metropolitan offices throughout the United States and Canada, has also traveled much farther afield. He's shown here during a recent trip to the South Pole, which—as you can see—is literally marked by a pole. The signs point to home towns of American personnel stationed in Antarctica.

materially. One night in 1927, toward the end of my freshman year at college, I was at a YMCA dance with a girl—not the one I later married—and my older sister was there with her date. We were together during the intermission and my sister's date, talking to me as the kid brother, asked me about my plans.

It was more or less to the effect of, "What are you going to do when you grow up, little boy?" I was majoring in mathematics and said I was going to teach it after I graduated.

He was working at Metropolitan and asked me, "Why don't you become an actuary?" My answer was, "What's that?" He told me to come to Metropolitan and perhaps I could make some money during vacation.

So I went in for a summer job and here I am.

Let me ask the same question you did.  
What is an actuary?

You will get a different answer from every actuary you ask, but I suppose the simple definition is that he is the technical man of the insurance business.

To start with, it's his job to figure out premium rates. A lot of people think he just sits there figuring out those rates and adding up columns, and has nothing else to do.

But he also does the very complicated research on what our obligations as a company will be decades in the future.

This is a very long-range business. We issue a fair number of contracts

we may have to live with for almost 200 years.

In a mutual company like ours, the actuary also has to figure out how much in dividends each class of policyholders should get, so everybody is treated fairly. When you have 47 million policyholders you obviously have to treat them in groups, but it is still quite a mathematical job to try to figure out all aspects—such as how much surplus you should keep to take care of a possible epidemic.

And an actuary has to be somewhat of an economist in analyzing interest and other trends that affect investments. He has to understand medical terms and he has to know quite a bit about marketing if he is going to determine the cost of the



product. So the actuary is pretty well into the innards of the workings of a life insurance company. I am gilding it up as if it were the world's greatest job. I think it is.

*While attending Princeton and working summers for Metropolitan in the late 1920s, you managed to work in a tour of the country. How did that come about?*

Between my junior and senior years, I decided I would like to see the world and to me at the time the world was the United States—a pretty big world. I went to the boss and asked, "Will it hurt me in my work at Metropolitan if I walked out on you for the summer?"

He said no, it wouldn't, that the company would consider it part of my education and would approve of such a trip.

So another summer clerk at the company and I got ourselves a Model A Ford and went to 38 states. There were all dirt roads in those days. When we hit the West Coast, we were heroes. A car with New York license plates!

While we were there, we climbed every mountain we found, including the biggest one in the continental United States outside Alaska, Mt. Whitney in California.

We saw all the big towns and went through Las Vegas when it was just a wide part of a dirt road. I think we could have bought the whole town for \$10,000. That is, a, if we had the \$10,000, and b, if we had the prescience to know they were going to build Hoover Dam, which is what made Las Vegas.

We were lucky it only rained once the whole eight weeks. We just rolled out our blankets and slept on the ground.

*Do you still travel a lot?*

Yes, but I don't sleep on the ground anymore.

Metropolitan is in all 50 states and all the provinces of Canada and I have been in all of them. I think it is my job to visit our people.

*How important is communication between top management and employees?*

Communication, of course, is one

of the major problems of our times, whether you're talking about people, companies, communities, the different groups that make up a democracy or the countries that make up the world.

Every time I sit down and ponder about it, I realize the misunderstandings that come just from a lack of communication, or from poor communication, such as where I think I said something and the guy who heard me thinks I said something else—just an honest breakdown of communication in the same language.

No wonder nations disagree. I don't have all the answers, but we work at it. We worry about it all the time.

*How do you work at it?*

We have more than 15,000 people right here at the home office. Anytime we are going to do something, I can't call them all in and ask them individually, "Do you understand this, Bill?" or whoever it is. So we have to work through the chain of command, basically.

Every now and then, when we have something very important to discuss, I meet with our 1,200 middle management people in two shifts—600 each. I announce whatever I have and then we have a question period. I encourage them to have at me and they don't pull punches. They hesitated at first, but now they let me have it.

I guess, basically, we have tried to get more people into the act. We listen to them.

*What do you consider the turning point that put you on the road to the chairmanship?*

Going to Canada as assistant general manager, the No. 2 man, of our operations there in 1945. Up to that time, I had been in the actuarial division continuously. I might still be there.

Maybe I would be chief actuary, which is a pretty good job.

But this was an opportunity to get into other areas. So I went up there as what amounted to the executive vice president of a big life insurance company, the biggest in Canada. I was the No. 2 man in charge of everything, so I learned something

about everything. It was clearly very important to me.

*Why were you tapped?*

Traditionally, in Canada, the company wanted to mix up the top command to have different specialties in it. At that time, the top man was someone with marketing experience, so they wanted to fill the No. 2 spot with a technical man. I like to think I was showing I was a good actuary and they needed an actuary there.

*I understand you learned of this assignment under somewhat unusual circumstances?*

Yes. It was a very unusual day. My son had a very bad case of inflamed tonsils and adenoids and the doctors didn't know whether they could operate. But they took him in to the hospital and rolled him off to the operating room.

Ordinarily, a tonsillectomy is a brief thing. But an hour and a half went by and my wife and I were chewing our fingernails. To do something, we went down to the cafeteria for a cup of coffee. While we were there, I was paged over the intercom system.

"Oh my God," I thought, "he's dead." I went to the telephone and the call was from my boss asking me how I would like to go to Canada.

I went back to my wife and said, "You don't want to go to Canada, do you?" She said, "Of course we do." So we agreed to go, my son turned out all right, and that was a big day all around.

*You have long been among leading businessmen sounding public warnings on the consequences of inflation. What is the answer to the inflation problem?*

The obvious cause of inflation is fiscal irresponsibility—terrific federal deficits, over a long period of years, and undue monetary expansion. You can't have inflation without too much money.

But too many people talk about a trade-off between inflation and unemployment—they say you have to have a little inflation or you have to have unemployment. That is for the birds.

Those multibillion-dollar deficits, in themselves, don't produce one



## Lessons of Leadership: Gilbert W. Fitzhugh *continued*

more loaf of bread, one more automobile, one more square mile of clean air, one more unpolluted river. And the Federal Reserve issuing another billion dollars doesn't, by itself, produce one more of any one of those things, either. All it does is raise the price of the available goods.

The only way you can produce those things is to produce them. The real answer is productivity. People's wants will never be satisfied. They always want more—and that is good, that is what makes the country grow. But you have to provide for those wants by work and investment.

You always come back to hard work and thrift. I am an old-fashioned duck and I don't think there is anything wrong with that.

*How does inflation affect a company that deals with its customers in fixed dollars?*

From a purely selfish point of view, a life insurance company, I guess, could say hurray for inflation. Our interest rates go up, our assets earn more money and it's easier to pay off our policies. We sell more insurance because people realize that it will take more insurance to buy a loaf of bread than it did.

Our business has been going up every year through inflation. So why should we worry?

I don't want to sound noble, but I think we worry because we know inflation is nothing more than stealing from the pockets of those who have saved their money. It is damned bad for our policyholders and the country. We have some responsibility in this area. If an insurance company isn't looking to the future, who is?

*What major changes have you made as chairman?*

It's a cliché that change is the order of the day. I like to be as careful as I can that any change is for the better. Changing for the sake of change is silly, I think. I get criticized for being too slow. But as far as I am concerned, that is an advantage.

Some companies have to change fast to follow the market—women's dresses, for example. But we are in a business that basically doesn't change. People keep dying, people



PHOTO: JAMES WHITE

keep needing protection for their wives and children.

Now all this isn't to say that we are not changing, that we have no long-range plans. I think we are the best insurance company in the world and our basic objective should be to change our methods of operation, as necessary, to keep us that way and make us still better.

*There has been a major shift in investment policy under your leadership, hasn't there?*

Yes. For 98 of the Metropolitan's 104 years, we never invested one dollar in common stock. Not a dollar. We deal in fixed benefits—and come hellfire and high water, we have paid them. The people expect it. During the '30s, life insurance had an enviable reputation for paying out 100 cents on the dollar. That is what we built our reputation on and I am proud of it.

Our position was that our assets should be in fixed securities and

mortgages. But it seemed to me that we should have a little more diversification. We do have expenses that go up. So we changed our policy, and our investment in common stocks has grown to more than \$1 billion. I think that is pretty good progress.

Also, we have gone into the variable annuity business. We have a lot of new types of life insurance policies which I think are more attractive than some of the older ones. We have simplified the language of the insurance policy, which was one thing it needed desperately—nobody, including myself, could understand the language that had grown up over the years.

*Have you looked into diversification?*

Of course, the old cry of diversification comes up: Shouldn't we get into other areas? Diversification isn't quite as popular as it used to be and I predicted that would happen. I have enough troubles running a life insurance company without thinking I can run some other business also.

But I feel that gradually we will get into other areas—such as casualty insurance. Other life insurance companies have started down this road. As far as I can see now, it will be gradual evolution, not a revolution. I don't think, though, that we should get into an unaligned field, as some other companies have.

Getting back to our basic business, we are undergoing some important changes.

For over 90 years Metropolitan prided itself on being the workingman's company. Most of our business called for collecting premiums at the home of the policyholder—as little as three cents a week. We still want to be the workingman's company, but now we believe that if we are to serve the public well we should be in all markets.

Speaking in the language of General Motors, we are not abandoning our Chevrolet buyers, but we'd like to appeal to the Pontiac, Buick and Cadillac customers, too. This has required a whole new look at our field sales organization.

As part of this process, we are restructuring our field offices around the country. We are putting more service facilities closer to our cus-



tomers. We have installed a wire communications system between our home office and more than 750 district offices around the country.

Every night the home office computer "polls" every district office, and receives automatically, "untouched by human hands," all the requests for information—such as cash or loan values—that have come into the office that day. The computer automatically finds the answers and reports them back the same night. So when the clerks arrive in the morning they have the answers to yesterday's questions.

*You've taken on important outside assignments—first as chairman of President Nixon's Blue Ribbon Panel on the Defense Department and more recently as president of the New York Chamber of Commerce. How did the Defense assignment come about?*

I often wondered why they picked me, though I did know the President.

When Secretary Laird was in Congress and there was a Democratic Administration, he was regularly picking on the Defense Department and saying that a panel of outside experts ought to have a look at it. Then he unexpectedly found himself Secretary of Defense and decided he'd better practice what he had been preaching.

It was to be a management study, not a review of defense policies on Viet Nam or anything like that, and they wanted somebody with experience in a large corporation.

Well, a couple of Laird's assistants had been in the insurance business and were aware that we are the biggest life insurance company, depending on the yardstick you use, and they apparently thought I had done a pretty good job at the Metropolitan.

I used to think I worked for a big outfit until I got down there into the Pentagon.

*What's happened to your recommendations?*

Well, the reports of most Presidential commissions hit the headlines and you never hear of them again. I was afraid that was what was going to happen to us. But, before I agreed to commit a year of my life to the job, I got the best understanding I

could from the Secretary and the President that they weren't fooling.

I think when you consider our batting average, we did a good job. Of 113 recommendations, 48 have been adopted and 33 more have been adopted in substance. Twelve have been rejected and the rest are still under consideration.

We didn't waste our time, in other words.

*What are the challenges of your job as president of the New York Chamber of Commerce?*

Well, New York City has advantages, but also—it is a great big secret, which you wouldn't really have known if I hadn't told you—it has problems.

Seriously, it seems to me that business in general has a big responsibility to help solve those problems.

We have to be a little careful we don't let the government put the monkey on our back, because this is too big a monkey. We have to work with them but not take over.

This is a difficult line of work. Business can't act like it has all the answers or is trying to run the city or the country. It wouldn't be allowed to, and shouldn't. But I happen to believe that business methods are often a big improvement over government management methods, so it seems to me that business has a big role to play if it can persuade the government to let us show them management techniques.

We can't solve the problems of this city, but maybe we can help the city solve them.

Transportation is going to choke itself to death if something isn't done about it.

Education is another problem: I am a product of the New York City public school system and I like to think I am not the stupidest man in the world—I got a darned good education—but now the results of the public school system that I see are miserable.

We have people come into this company, lots of them with high school diplomas, who can't read or write or add. We have to start all over again to teach them.

That means the school system is falling down. People don't want to

bring their families into the city. Their options are limited unless they go to private school.

Then, the welfare problem is—as everybody knows—a terrible drag on city finances. New York is sort of a magnet for people who end up on welfare. This is where you come into all of this question of who is responsible. How much responsibility should the federal government and the state government take for the New York City welfare problem, which was inherited from all over the United States?

A fourth and very important problem, which every city has, is public safety. I don't think New York is worse than other big cities but nevertheless, walking around the streets at night or taking subways at night has more risk than it ought to have.

*Metropolitan has been involved in inner city problems for some time, hasn't it?*

Yes. I am particularly proud that we are not a Johnny-come-lately in this area. We have had a health and welfare division at least since 1909. We have a large organization working on the health of school children, and working with doctors and hospitals. We publish messages—they really aren't advertisements—with advice to parents and teachers about learning disabilities, with warnings against drug use and that sort of thing.

Naturally, Metropolitan took its proper role in the life insurance industry's program of investing \$2 billion in inner city areas.

Our share—\$322 million—has been fully committed. And in our general investment policy, we are cognizant of the worthwhile objectives of our investments as well as the security and yield.

I think I can immodestly say we are in the forefront of taking our responsibility as citizens of this city and the state and the country—and to some extent, in the world, because we are Canadian, too.

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Now, I happen to believe that nondiscrimination is just that. No dis-



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## Gilbert W. Fitzhugh

*continued*

crimination either way. So, we do not promote people just because they are black or just because they are women. But we recognize that blacks in particular have had a hard time, so we are willing and anxious to help them.

We reach out and look for them and when they get here, we give them a little extra help and training. But we don't promote them until they are ready to do the job. We don't promote them just so we can have an organization chart that shows we have a certain number of blacks.

*Many young people in college today talk about going into what they consider are relevant public service fields. What would you tell them about the insurance industry?*

I would tell them there isn't a business in the country that can come closer to accomplishing what they want. We have everything, though they don't know it—we're not getting through to them, speaking of communication.

First, we are involved in the business of keeping families together in times of distress. Now, for somebody who wants to be relevant, what could be a finer thing? It is not our money, but we help the families get the best possible use out of it.

Now a fallout of this is the money we accumulate to pay off future claims. We invest this money; the assets of the life insurance industry are a big chunk of what makes our economy tick.

Insurance company investments are helping clean up the air and water, are providing housing, and are doing many of the other things these kids say they want to do. Other people are talking a lot about it but we are accomplishing it right now and have been for many years. END

REPRINTS of "Lessons of Leadership: Part LXXXVI—Gilbert W. Fitzhugh of Metropolitan Life" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



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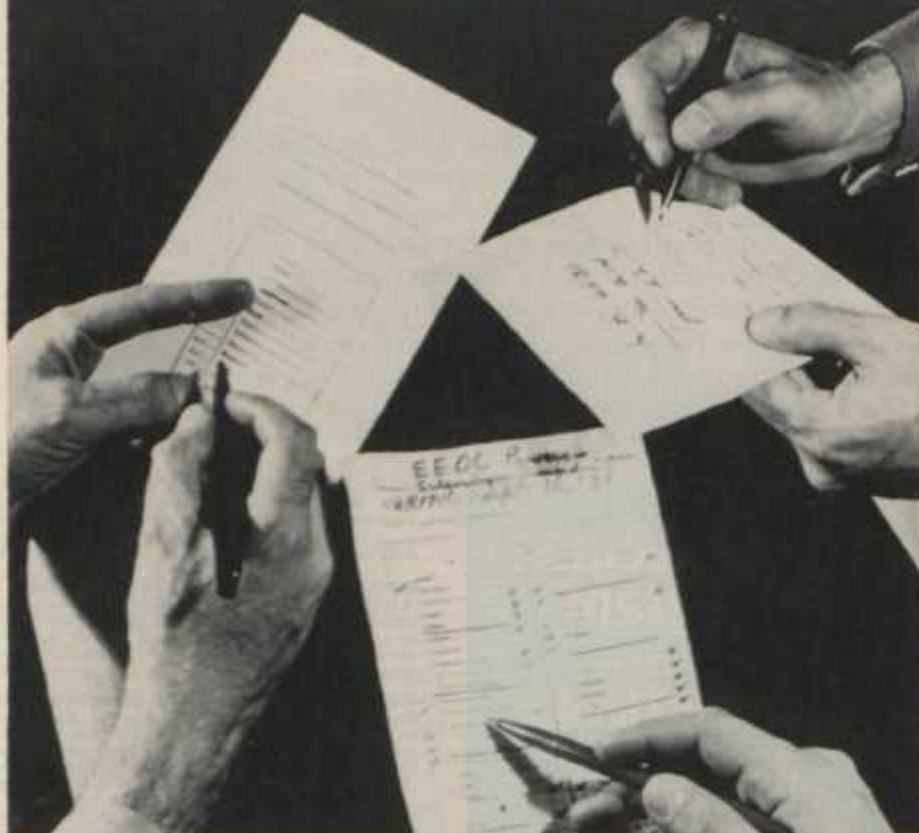
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# Your Congressman's Record



(as Liberals, Conservatives and Organized Labor See It)

Sen. Barry Goldwater (R-Ariz.) isn't particularly upset when the annual "report cards" are issued on how members of Congress have voted and one organization says he was "wrong" nearly all the time while another claims he was always "right."

For some years, Americans for Constitutional Action, Americans for Democratic Action and the AFL-CIO Committee on Political Education have been grading the performance of Senators and Representatives on key legislation.

These organizations represent conservative, liberal and labor union points of view, so a legislator such as Sen. Goldwater would rate very high with the conservative ACA and very low with ADA and COPE.

Conversely, and at the opposite

end of the political spectrum, men like Sens. Daniel Inouye (D-Hawaii) and Harrison Williams (D-N.J.) get low marks from ACA and high marks from ADA and COPE.

On the following pages, NATION's BUSINESS presents the three groups' latest evaluations of Congressional voting records, for your information.

It must be emphasized that none are complete evaluations since they involve only certain votes in Congress' 1971 session that were selected arbitrarily by each organization.

A more complete appraisal could be obtained by reviewing a member's entire voting record, by reading his comments on many subjects in and out of Congress and by analyzing his conduct in general.

The ACA and ADA figures are as

issued by those groups. The COPE figures, however, are a computation. COPE rated each vote on 12 issues as right or wrong from its standpoint, and the figures shown are percentages of "right" votes cast.

ACA bases its ratings on votes which "have a significant bearing on the preservation of the spirit and principles of the Constitution, as these were defined by the Founding Fathers."

Generally speaking, the highest ACA ratings go to members of Congress who support a strong defense posture and a firm stand in Viet Nam, and who oppose what the organization considers excessively costly social programs, unneeded federal intervention in the private economy and erosion of states' rights.

Americans for Democratic Action, on the other hand, gives each Senator and Representative a "Liberal Quotient," which ADA defines as "the rating of a member's liberalism."

Top marks go to members who favor withdrawal from Viet Nam and lower defense spending, and who, in ADA's view, have made "committed efforts for welfare reform, child development, public employment (for those unable to find other employment) civil rights and environmental improvement."

COPE, sidestepping Viet Nam and defense spending, says the issues on which it rates members of Congress deal with jobs and workers' "rights."

Votes on which the latest COPE evaluations were based include those on funding of the supersonic transport, a federal loan guarantee for Lockheed Aircraft Corp., government hiring to curb unemployment, extension of unemployment compensation, retroactive pay increases under the Phase I wage freeze, food stamps for strikers and political use of union dues.

(Senators whose names appear in capital letters in the following tabulation are up for re-election this year. Asterisks indicate Senators whose terms are expiring but who are not up for re-election. All Representatives' terms, of course, expire this year. Again, asterisks indicate those who are not up for re-election.)



# UNITED STATES SENATE

## STATE AND SENATOR

	ACA	ADA	COPE
<b>ALABAMA</b>			
SPARKMAN (D)	37	19	82
Allen (D)	75	15	25

<b>ALASKA</b>			
STEVENS (R)	36	48	60
Gravel (D)	0	81	89

<b>ARIZONA</b>			
Fannin (R)	95	0	25
Goldwater (R)	100	4	10

<b>ARKANSAS</b>			
McCLELLAN (D)	64	30	46
Fulbright (D)	14	85	75

<b>CALIFORNIA</b>			
Cranston (D)	0	89	92
Tunney (D)	5	96	91

<b>COLORADO</b>			
ALLOTT (R)	73	4	36
Dominick (R)	96	7	17

<b>CONNECTICUT</b>			
Ribicoff (D)	5	93	75
Weicker (R)	57	30	18

<b>DELAWARE</b>			
BOGGS (R)	48	26	50
Roth (R)	67	19	8

<b>FLORIDA</b>			
Gurney (R)	95	4	36
Chiles (D)	37	56	50

<b>GEORGIA</b>			
Talmadge (D)	70	22	70
GAMBRELL (D)	45	30	73

<b>HAWAII</b>			
Fong (R)	50	19	42
Inouye	0	63	100

<b>IDAHO</b>			
Church (D)	17	93	83
Jordan (R)(*)	86	15	0

<b>ILLINOIS</b>			
PERCY (R)	41	56	27
Stevenson (D)	14	100	75

<b>INDIANA</b>			
Hartke (D)	13	81	82
Bayh (D)	14	96	80

<b>IOWA</b>			
MILLER (R)	84	11	25
Hughes (D)	9	96	73

## STATE AND SENATOR

<b>KANSAS</b>			
PEARSON (R)	50	37	36
Dole (R)	71	4	17

<b>KENTUCKY</b>			
Cooper (R)(*)	39	33	33
Cook (R)	70	33	42

<b>LOUISIANA</b>			
ELLENDER (D)	60	19	60
Long (D)	61	19	67

<b>MAINE</b>			
SMITH (R)	61	19	40
Muskie (D)	7	85	83

<b>MARYLAND</b>			
Mathias (R)	21	63	58
Beall (R)	57	22	25

<b>MASSACHUSETTS</b>			
Kennedy (D)	5	100	83
BROOKE (R)	24	78	60

<b>MICHIGAN</b>			
Hart (D)	4	96	75
GRIFFIN (R)	65	33	8

<b>MINNESOTA</b>			
MONDALE (D)	9	100	83
Humphrey (D)	5	89	91

<b>MISSISSIPPI</b>			
EASTLAND (D)	74	7	33
Stennis (D)	77	7	42

<b>MISSOURI</b>			
Symington (D)	25	85	83
Eagleton (D)	24	89	73

<b>MONTANA</b>			
Mansfield (D)	11	78	75
METCALF (D)	14	74	92

<b>NEBRASKA</b>			
Hruska (R)	91	0	25
CURTIS (R)	100	4	9

<b>NEVADA</b>			
Bible (D)	42	33	75
Cannon (D)	39	41	75

<b>NEW HAMPSHIRE</b>			
Cotton (R)	96	0	17
McINTYRE (D)	27	67	83

<b>NEW JERSEY</b>			
CASE (R)	0	81	83
Williams (D)	5	93	92

## STATE AND SENATOR

<b>NEW MEXICO</b>			
Anderson (D)(*)	26	48	50
Montoya (D)	19	74	70

<b>NEW YORK</b>			
Javits (R)	22	70	64
Buckley (Cons.-R)	87	4	8

<b>NORTH CAROLINA</b>			
Ervin (D)	87	30	25
Jordan (D)(*)	61	44	56

<b>NORTH DAKOTA</b>			
Young (R)	78	15	33
Burdick (D)	25	85	75

<b>OHIO</b>			
Saxbe (R)	63	30	38
Taft (R)	64	30	17

<b>OKLAHOMA</b>			
Harris (D)(*)	17	63	78
Bellmon (R)	63	11	17

<b>OREGON</b>			
HATFIELD (R)	20	74	33
Packwood (R)	60	30	20

<b>PENNSYLVANIA</b>			
Scott (R)	45	26	50
Schweiker (R)	33	70	50

<b>RHODE ISLAND</b>			
Pastore (D)	17	74	64
PELL (D)	23	89	75

<b>SOUTH CAROLINA</b>			
THURMOND (R)	96	0	25
Hollings (D)	39	44	75

<b>SOUTH DAKOTA</b>			
Mundt (R)(*)	<i>(Incapacitated by illness during 1971 session.)</i>		
McGovern (D)	9	96	75

<b>TENNESSEE</b>			
BAKER (R)	55	4	27
Brock (R)	93	0	17

<b>TEXAS</b>			
TOWER (R)	88	0	27
Bentsen (D)	33	33	55

<b>UTAH</b>			
Bennett (R)	70	0	25
Moss (D)	5	81	92



**Your  
Congressman's  
Record** *continued*



# UNITED STATES SENATE

## STATE AND SENATOR

### VERMONT

Alker (R)	43	41	25
STAFFORD (R)	33	43	39

### VIRGINIA

Byrd (I)	87	15	0
SPONG (D)	38	44	50

### WASHINGTON

Magnuson (D)	19	78	92
Jackson (D)	27	56	100

### WEST VIRGINIA

RANDOLPH (D)	25	67	83
Byrd (D)	45	26	58

### WISCONSIN

Proxmire (D)	21	96	75
Nelson (D)	5	96	83

### WYOMING

McGee (D)	22	48	73
HANSEN (R)	96	4	8

## STATE AND REPRESENTATIVE

Dist. ACA ADA COPE

### ALABAMA

1. Edwards (R)	81	8	17
2. Dickinson (R)	86	3	17
3. Andrews	(Elected April, 1972; not rated)		
4. Nichols (D)	72	3	33
5. Flowers (D)	74	5	36
6. Buchanan (R)	89	11	17
7. Bevill (D)	61	16	55
8. Jones (D)	43	19	67

### ALASKA

AL Begich (D)	7	97	83
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### ARIZONA

1. Rhodes (R)	92	11	9
2. Udall (D)	4	81	82
3. Steiger (R)	96	8	0

### ARKANSAS

1. Alexander (D)	42	27	75
2. Mills (D)	33	22	90
3. Hammerschmidt (R)	79	14	17
4. Pryor (D) (*)	27	57	80

### CALIFORNIA

1. Clausen (R)	86	3	33
2. Johnson (D)	33	35	100
3. Moss (D)	8	81	82
4. Leggett (D)	12	73	100
5. Burton (D)	7	92	91
6. Mailliard (R)	52	32	55
7. Dellums (D)	11	97	83
8. Miller (D) (*)	30	41	100
9. Edwards (D)	4	95	92
10. Gubser (R)	69	3	38
11. McCloskey (R)	23	65	63
12. Talcott (R)	93	8	0
13. Teague (R)	79	14	33
14. Waldie (D)	12	89	91
15. McFall (D)	29	46	100
16. Sisk (D)	29	38	89
17. Anderson (D)	14	89	100
18. Mathias (R)	86	8	17
19. Hollifield (D)	28	46	100
20. Smith (R) (*)	92	8	10
21. Hawkins (D)	5	81	100
22. Corman (D)	4	76	100
23. Clawson (R)	100	5	9
24. Rousselot (R)	96	8	18
25. Wiggins (R)	83	14	20
26. Rees (D)	0	84	91
27. Goldwater (R)	96	14	25
28. Bell (R)	62	24	60
29. Danielson (D)	15	73	92
30. Roybal (D)	8	92	90
31. Wilson (D)	30	54	100
32. Hosmer (R)	85	19	25

## STATE AND REPRESENTATIVE

Dist. ACA ADA COPE

### CALIFORNIA (cont.)

33. Pettis (R)	85	11	30
34. Hanna (D)	24	49	100
35. Schmitz (R) (*)	96	8	17
36. Wilson (R)	82	3	30
37. Van Deelen (D)	15	76	100
38. Veysey (R)	79	5	30

### COLORADO

1. McKeivitt (R)	85	16	10
2. Brotzman (R)	86	16	0
3. Evans (D)	11	76	73
4. Aspinall (D)	54	16	64

### CONNECTICUT

1. Cotter (D)	19	70	91
2. Steele (R)	44	51	70
3. Giaimo (D)	50	38	78
4. McKinney (R)	54	49	50
5. Monagan (D)	24	70	83
6. Grassio (D)	13	78	91

### DELAWARE

AL DuPont (R)	82	41	0
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### FLORIDA

1. Sikes (D)	76	5	27
2. Fuqua (D)	58	19	56
3. Bennett (D)	59	32	42
4. Chappell (D)	73	8	50
5. Frey (R)	84	14	17
6. Gibbons (D)	39	65	50
7. Haley (D)	92	8	0
8. Young (R)	97	5	8
9. Rogers (D)	68	19	42
10. Burke (R)	96	11	8
11. Pepper (D)	8	57	100
12. Fascell (D)	8	81	82

### GEORGIA

1. Hagan (D)	65	8	46
2. Mathis (D)	63	16	55
3. Brinkley (D)	62	16	42
4. Blackburn (R)	87	11	18
5. Thompson (R) (*)	75	3	36
6. Flynt (D)	67	14	25
7. Davis (D)	48	16	40
8. Stuckey (D)	44	14	57
9. Landrum (D)	43	22	38
10. Stephens (D)	52	19	66

### HAWAII

1. Matsunaga (D)	16	59	91
2. Mink (D)	0	92	90

### IDAHO

1. McClure (R) (*)	81	5	13
2. Hansen (R)	65	24	27



# OF REPRESENTATIVES

## STATE AND REPRESENTATIVE

Dist. ACA ADA COPE

### ILLINOIS

1. Metcalfe (D)	0	68	88
2. Mikva (D)	9	92	80
3. Murphy (D)	24	57	78
4. Derwinski (R)	100	11	11
5. Kluczyński (D)	27	49	100
6. Collins (D)	0	84	90
7. Annunzio (D)	12	68	100
8. Rostenkowski (D)	23	62	80
9. Yates (D)	7	100	83
10. Collier (R)	88	8	8
11. Pucinski (D)(*)	24	70	90
12. McClory (R)	67	38	27
13. Crane (R)	96	14	0
14. Erlenborn (R)	88	22	9
15. Carlson (R)(*)	(Elected April, 1972: not rated.)		
16. Anderson (R)	63	32	36
17. Arends (R)	85	3	18
18. Michel (R)	96	3	0
19. Rainsback (R)	54	46	36
20. Findley (R)	63	41	8
21. Gray (D)	25	38	100
22. Springer (R)(*)	83	11	13
23. Shipley (D)	38	46	70
24. Price (D)	23	59	100

### INDIANA

1. Madden (D)	7	78	82
2. Landgrebe (R)	96	0	17
3. Brademas (D)	3	97	83
4. Roush (D)	25	70	82
5. Hillis (R)	76	11	33
6. Bray (R)	85	3	8
7. Myers (R)	92	11	0
8. Zion (R)	88	3	9
9. Hamilton (D)	7	89	75
10. Dennis (R)	96	14	0
11. Jacobs (D)	28	86	83

### IOWA

1. Schwengel (R)	83	49	8
2. Culver (D)	8	89	82
3. Gross (R)	97	16	0
4. Kyl (R)	83	3	8
5. Smith (D)	19	62	75
6. Mayne (R)	68	24	8
7. Scherle (R)	89	5	0

### KANSAS

1. Sebelius (R)	80	11	30
2. Roy (D)	19	78	83
3. Winn (R)	81	11	27
4. Shriver (R)	71	5	46
5. Skubitz (R)	74	8	33

## STATE AND REPRESENTATIVE

Dist. ACA ADA COPE

### KENTUCKY

1. Stubblefield (D)	46	16	66
2. Natcher (D)	48	30	75
3. Mazzoli (D)	25	65	58
4. Snyder (R)	86	24	18
5. Carter (R)	70	8	25
6. Curlin (D)(*)	—	100	100
7. Perkins (D)	28	57	92

### LOUISIANA

1. Hebert (D)	71	0	50
2. Boggs (D)	14	54	100
3. Caffery (D)(*)	73	8	27
4. Waggonner (D)	72	0	36
5. Passman (D)	76	5	17
6. Rarick (D)	96	3	8
7. (Vacant)	—	—	—
8. Long (D)(*)	80	0	25

### MAINE

1. Kyros (D)	7	86	83
2. Hathaway (D)(*)	4	89	83

### MARYLAND

1. Mills (R)	95	3	11
2. Long (D)	26	70	82
3. Garmatz (D)(*)	27	35	92
4. Sarbanes (D)	17	81	82
5. Hogan (R)	74	19	46
6. Byron (D)	69	19	50
7. Mitchell (D)	11	100	82
8. Gude (R)	21	89	64

### MASSACHUSETTS

1. Conte (R)	38	78	50
2. Boland (D)	14	86	92
3. Drinan (D)	14	100	83
4. Donohue (D)	5	62	90
5. (Vacant)	—	—	—
6. Harrington (D)	11	97	83
7. Macdonald (D)	32	65	78
8. O'Neill (D)	11	78	91
9. Hicks (D)	28	62	80
10. Heckler (R)	33	73	73
11. Burke (D)	7	86	92
12. Keith (R)(*)	62	27	42

### MICHIGAN

1. Conyers (D)	17	76	78
2. Esch (R)	52	54	27
3. Brown (R)	81	30	30
4. Hutchinson (R)	93	8	8
5. Ford (R)	79	8	25
6. Chamberlain (R)	82	11	25
7. Riegle (R)	19	84	64

## STATE AND REPRESENTATIVE

Dist. ACA ADA COPE

### MICHIGAN (cont.)

8. Harvey	83	27	18
9. Vander Jagt (R)	72	24	20
10. Cederberg (R)	89	8	25
11. Ruppe (R)	52	32	36
12. O'Hara (D)	11	73	83
13. Diggs (D)	0	54	83
14. Nedzi (D)	14	84	82
15. Ford (D)	8	78	82
16. Dingell (D)	22	76	83
17. Griffiths (D)	18	49	80
18. Broomfield (R)	82	22	17
19. McDonald (R)	63	30	46

### MINNESOTA

1. Quile (R)	69	35	17
2. Nelsen (R)	85	11	9
3. Frenzel (R)	50	65	25
4. Karth (D)	12	86	83
5. Fraser (D)	7	100	83
6. Zwach (R)	64	41	25
7. Bergland (D)	3	86	83
8. Blatnik (D)	5	65	88

### MISSISSIPPI

1. Abernethy (D)(*)	85	0	25
2. Whitten (D)	80	8	33
3. Griffin (D)(*)	74	6	33
4. Montgomery (D)	78	0	27
5. Colmer (D)(*)	88	0	18

### MISSOURI

1. Clay (D)	0	78	75
2. Symington (D)	25	73	66
3. Sullivan (D)	25	65	67
4. Randall (D)	62	32	82
5. Bolling (D)	11	85	90
6. Hull (D)(*)	71	8	42
7. Hall (R)(*)	100	8	9
8. Ichord (D)	71	8	44
9. Hungate (D)	38	59	80
10. Burlison (D)	32	49	83

### MONTANA

1. Shoup (R)	78	8	8
2. Melcher (D)	19	78	83

### NEBRASKA

1. Thone (R)	83	11	0
2. McCollister (R)	79	11	8
3. Martin (R)	92	5	18

### NEVADA

AL. Baring (D)	77	8	40
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# UNITED STATES HOUSE

## Your Congressman's Record *continued*



### STATE AND REPRESENTATIVE Dist. ACA ADA COPE

#### NEW HAMPSHIRE

1. Wyman (R)	88	11	9
2. Cleveland (R)	86	30	8

#### NEW JERSEY

1. Hunt (R)	86	5	27
2. Sandman (R)	86	5	25
3. Howard (D)	4	86	82
4. Thompson (D)	10	86	82
5. Frelinghuysen (R)	73	32	18
6. Forsythe (R)	57	43	42
7. Widnall (R)	52	32	55
8. Roe (D)	31	73	91
9. Helstoski (D)	7	95	83
10. Rodino (D)	7	86	91
11. Minish (D)	18	86	82
12. Dwyer (R)(*)	33	43	72
13. Gallagher (D)(*)	18	59	89
14. Daniels (D)	14	76	100
15. Patten (D)	7	70	83

#### NEW MEXICO

1. Lujan (R)	82	27	22
2. Runnels (D)	65	16	38

#### NEW YORK

1. Pike (D)	48	59	58
2. Grover (R)	92	5	27
3. Wolff (D)	25	92	82
4. Wyder (R)	71	24	33
5. Lent (R)	81	22	17
6. Halpern (R)(*)	28	54	80
7. Addabbo (D)	23	76	92
8. Rosenthal (D)	18	100	82
9. Delaney (D)	58	24	64
10. Celler (D)	4	78	91

(Lost primary; may run as Liberal.)

11. Brasco (D)	8	78	91
12. Chisolm (D)	8	97	82
13. Podell (D)	8	86	82
14. Rooney (D)	22	49	100

### STATE AND REPRESENTATIVE Dist. ACA ADA COPE

#### NEW YORK (cont.)

15. Carey (D)	8	89	90
16. Murphy (D)	23	43	100
17. Koch (D)	15	92	83
18. Rangel (D)	15	92	80
19. Abzug (D)(*)	15	100	82
20. Ryan (D)	14	100	83
21. Badillo (D)	7	92	83
22. Scheuer (D)(*)	18	86	83
23. Bingham (D)	7	100	83
24. Biaggi (D)	32	65	83
25. Poyser (R)	58	32	73
26. Reid (D)	7	89	91
27. Dow (D)	11	97	82
28. Fish (R)	59	43	42
29. Stratton (D)	40	41	89
30. King (R)	92	6	9
31. McEwen (R)	88	3	30
32. Pirnie (R)(*)	76	3	30
33. Robison (R)	63	43	18
34. Terry (R)(*)	89	14	25
35. Hanley (D)	21	73	92
36. Horton (R)	46	51	64
37. Conable (R)	86	19	17
38. Hastings (R)	88	16	0
39. Kamp (R)	85	16	18
40. Smith (R)	70	30	27
41. Dulski (D)	42	51	80

#### NORTH CAROLINA

1. Jones (D)	63	22	36
2. Fountain (D)	85	5	18
3. Henderson (D)	76	11	33
4. Galifianakis (D)(*)	56	35	40
5. Mizell (R)	93	0	17
6. Prayer (D)	31	51	50
7. Lennor (D)(*)	85	3	17
8. Ruth (R)	97	8	0
9. Jonas (R)(*)	96	0	9
10. Broyhill (R)	84	14	11
11. Taylor (D)	65	24	27

#### NORTH DAKOTA

1. Andrews (R)	66	27	33
2. Link (D)	7	81	83

#### OHIO

1. Keating (R)	90	14	17
2. Clancy (R)	100	5	9
3. Whalen (R)	15	84	73
4. McCulloch (R)(*)	56	6	50
5. Latta (R)	79	8	8
6. Harsha (R)	89	8	18
7. Brown (R)	84	19	20
8. Betts (R)(*)	92	8	17
9. Ashley (D)	28	68	78

### STATE AND REPRESENTATIVE Dist. ACA ADA COPE

#### OHIO (cont.)

10. Miller (R)	79	22	8
11. Stanton (R)	65	24	50
12. Devine (R)	100	8	9
13. Mosher (R)	32	81	42
14. Seiberling (D)	8	89	82
15. Wylie (R)	89	11	8
16. Bow (R)(*)	92	5	20
17. Ashbrook (R)	93	8	10
18. Hays (D)	38	30	100
19. Carney (D)	12	70	100
20. Stanton (D)	18	76	80
21. Stokes (D)	4	89	80
22. Vanik (D)	21	92	83
23. Minshall (R)	77	5	20
24. Powell (R)	84	16	20

#### OKLAHOMA

1. Belcher (R)(*)	81	3	25
2. Edmondson (D)(*)	42	27	100
3. Albert (D)	21	55	100
4. Steed (D)	40	22	100
5. Jarman (D)	88	8	10
6. Camp (R)	85	5	9

#### OREGON

1. Wyatt (R)	75	16	36
2. Ullman (D)	28	49	75
3. Green (D)	48	38	55
4. Dellenback (R)	57	43	25

#### PENNSYLVANIA

1. Barrett (D)	16	70	90
2. Nix (D)	14	84	92
3. Byrne (D)(*)	23	70	91
4. Eilberg (D)	15	81	90
5. Green (D)	4	86	82
6. Yatron (D)	33	68	90
7. Williams (R)	86	5	33
8. Biester (R)	33	73	58
9. Ware (R)	93	5	17
10. McDade (R)	46	43	73
11. Flood (D)	41	35	92
12. Whalley (R)(*)	93	11	20
13. Coughlin (R)	67	49	25
14. Moorhead (D)	8	95	82
15. Rooney (D)	22	62	91
16. Eshleman (R)	78	14	18
17. Schneebeli (R)	89	19	0
18. Heinz (R)	44	67	100
19. Goodling (R)	100	11	0
20. Gaydos (D)	33	73	83
21. Dent (D)	16	51	89
22. Saylor (R)	74	22	50
23. Johnson (R)	88	8	17
24. Vigorito (D)	15	57	100
25. Clark (D)	45	24	100
26. Morgan (D)	25	46	100
27. Conover (R)(*)	(Elected April 1972; not rated.)		



# OF REPRESENTATIVES

## STATE AND REPRESENTATIVE

Dist.	ACA	ADA	COPE
<b>RHODE ISLAND</b>			
1. St. Germain (D)	15	84	82
2. Tiernan (D)	15	81	82

<b>SOUTH CAROLINA</b>			
1. Davis (D)	57	22	63
2. Spence (R)	92	0	18
3. Dorn (D)	46	22	66
4. Mann (D)	84	8	17
5. Gettys (D)	75	5	42
6. McMillan (D)	67	5	44

<b>SOUTH DAKOTA</b>			
1. Denholm (D)	14	68	82
2. Abourezk (D)(*)	7	97	82

<b>TENNESSEE</b>			
1. Quillen (R)	81	5	20
2. Duncan (R)	76	14	17
3. Baker (R)	91	0	18
4. Evins (D)	56	11	50
5. Fulton (D)	19	73	91
6. Anderson (D)	15	51	88
7. Blanton (D)(*)	44	16	89
8. Jones (D)	48	22	46
9. Kuykendall (R)	88	0	17

<b>TEXAS</b>			
1. Patman (D)	48	24	64
2. Dowdy (D)(*)	92	3	17
3. Collins (R)	93	8	17
4. Roberts (D)	77	3	27
5. Cabell (D)	58	11	46
6. Teague (D)	67	5	46
7. Archer (R)	100	5	8
8. Eckhardt (D)	7	94	82
9. Brooks (D)	36	43	80
10. Pickle (D)	56	30	73
11. Poage (D)	71	5	36
12. Wright (D)	40	24	86
13. Purcell (D)	68	3	38
14. Young (D)	48	19	83
15. De la Garza (D)	35	35	83
16. White (D)	70	22	50
17. Bureson (D)	86	0	18
18. Price (R)	86	3	17
19. Mahon (D)	79	5	27
20. Gonzalez (D)	32	57	92
21. Fisher (D)	89	0	17
22. Casey (D)	68	8	33
23. Kasten (D)	41	27	91

<b>UTAH</b>			
1. McKay (D)	23	46	91
2. Lloyd (R)	79	11	36

## STATE AND REPRESENTATIVE

Dist.	ACA	ADA	COPE
<b>VERMONT</b>			
AL. Mallary (R)	(Elected January, 1972; not rated.)		

<b>VIRGINIA</b>			
1. Downing (D)	75	8	25
2. Whitehurst (R)	79	17	36
3. Satterfield (D)	93	8	8
4. Abbutt (D)(*)	92	3	8
5. Daniel (D)	93	3	8
6. Poff (R)(*)	88	11	8
7. Robinson (R)	93	5	17
8. Scott (R)(*)	93	3	17
9. Wampler (R)	82	8	17
10. Broyhill (R)	77	16	20

<b>WASHINGTON</b>			
1. Pelly (R)(*)	71	22	42
2. Meeds (D)	3	81	100
3. Hansen (D)	22	46	100
4. McCormack (D)	7	78	100
5. Foley (D)	15	73	90
6. Hicks (D)	30	68	90
7. Adams (D)	0	86	100

<b>WEST VIRGINIA</b>			
1. Molloy (D)	42	27	100
2. Staggers (D)	33	32	100
3. Slack (D)	44	24	73
4. Hechler (D)	17	95	75
5. Kee (D)(*)	42	22	90

<b>WISCONSIN</b>			
1. Aspin (D)	11	86	83
2. Kastenmeier (D)	11	95	82
3. Thomson (R)	68	11	33
4. Zablocki (D)	38	38	100
5. Reuss (D)	14	97	82
6. Steiger (R)	71	32	17
7. Obey (D)	14	86	83
8. Byrnes (R)(*)	85	8	9
9. Davis (R)	88	5	8
10. O'Konski (R)	46	31	83

<b>WYOMING</b>			
AL. Roncalio (D)	14	95	82

END

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## The Great What-Is-It: The "Social Audit"

More and more, corporations are under pressure to try to solve a host of society's problems, and to provide an accounting of what they do; but who is to set the standards?

Recently, the Chase Manhattan Bank retained an outside consulting firm to assess, not its financial acumen or management savvy, but its social performance.

The bank's desire for a double-check in this area is not unique.

Companies including IBM and Kimberly-Clark have set up internal committees—of directors and other top brass—to appraise how they're

*JOHN J. CORSON, author of this article, is chairman of the board, Fry Consultants, Inc., a division of ARA Services, Inc. He also is author of the book, "Business in the Humane Society."*



ILLUSTRATION: JACK LEPROWITZ



measuring up to what society expects of them.

That idea of corporate social responsibilities evolved during the 1960s. It now seems likely that by the mid-1970s business will be expected to give periodically a public account of how well it is meeting these responsibilities.

In short, the idea that at least each major corporation should regularly be subjected to a "social audit" seems to be gaining ground.

Who advances this idea?

A few years back it was Ralph Nader's Project for Corporate Responsibility (then the Council on Economic Priorities), Stanford Graduate Business School's Committee for Corporate Responsibility and some federal agencies that were asking what companies were doing in these little explored and relatively undefined areas.

But more recently, some staid bankers, investment advisers, mutual fund administrators and managers of foundation, church and university portfolios spoke up. They did not call for "social audits." Still, what they wanted to know amounted to practically the same thing: What each company was doing to help improve the quality of our life.

Thomas C. Theobald, an executive vice president of New York's First National City Bank, put it this way:

"It's just common sense that if any corporation operates in a social environment, it has to be attuned to it. Otherwise the employees aren't going to like the place, the customers aren't going to be satisfied and the government's going to be on their back."

Roger F. Murray, former vice president of the Teachers Insurance and Annuity Association, told the Financial Analysts Federation in New York City: "It is essential that the performance of business in meeting its social role be weighed." The ques-

tion of how a company is fulfilling its social responsibilities, he added, "simply cannot be evaded" by analysts and managers.

John C. Bogle, president of Wellington Management Co., learned from a survey of shareholders that they expect investment fund managers "to analyze corporations from the viewpoint of corporate responsibility (i.e., responsiveness to the needs of consumers, the ecology and minority groups) and, when consistent with a fund's investment objective, to emphasize securities of companies that are progressive and socially responsible."

Howard Stein and David Burke, administrators of the Dreyfus Third Century Fund (one of a number of mutual funds set up recently with the express objective of investing in companies deemed to be socially responsible), echoed and supplemented Mr. Bogle's findings. They asserted that companies whose executives are keenly aware of their social responsibilities have the kind of alert management that promises profitable growth.

Universities, churches and foundations hold an estimated \$55 billion worth of securities. Some among them insist their investments be managed "with specific reference to social, political and moral objectives."

#### What business is up against

A faculty committee advised the president of Harvard that the university, when investing its billion-dollar endowment, should:

- "Attempt to influence management in directions that are considered to be socially desirable."
- Appoint a "fact finder"—an official charged with keeping informed about the social policies of companies in which Harvard has invested.

The Russell Sage Foundation has

declared it wants to know "how the managers of certain companies (whose bonds or stocks represent otherwise suitable investment possibilities) recognize their political and social responsibilities."

These voices from the investment community say that a company's social practices must be weighed—even as must its research policies or its labor relations.

What society expects in the way of corporate behavior is, and always has been, shaped by forces operating within it at the moment. During the past five years the demand for greater racial justice, the fear of unemployment, the unrest among youth, the insistence upon a cleaner and safer environment, the growing discontent with the city as a place to live have each contributed to the determination of how society now expects the corporation to behave.

Even the most powerful national corporation is not capable of single-handedly wiping out unemployment, curbing social tensions, and making the cities attractive and convenient to live in.

Yet, in 1972, the corporate executive must face such steadily expanding, and quite imprecise, social expectations.

Some of these expectations—that the corporation shall employ and advance blacks and other "disadvantaged" persons; that it shall not pollute the air and the streams; that it shall contribute to the support of colleges, hospitals, social agencies, museums and orchestras of the communities in which it operates—are meeting with wide acceptance among businessmen.

Others—for example, that the corporation shall encourage and assist minority enterprises which may compete with it, and shall participate in the improvement of the city's housing for the poor and its intricacy



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## The Great What-Is-It: The "Social Audit" *continued*

transportation—are not meeting the same degree of acceptance.

In making decisions as to products, investment, advertising, personnel and public relations programs, a vigilant executive, in the words of John R. Bunting, president of Philadelphia's largest bank, the First Pennsylvania Banking & Trust Co., must understand "the values of our times."

If he does not, said Mr. Bunting, he "is operating in ignorance of a basic factor of economic intelligence."

In other words, determining what behavior society expects and how this expectation shall be met is becoming a central part of the art of corporate management.

### Is a social audit feasible?

The notion of a social audit should not come as a surprise to the businessman. The idea has been talked and written about for years.

But no one has yet been able to show how a corporation's social behavior can be rated the way Dun & Bradstreet rates a company's credit or Moody's rates the worth of a company's bonds as investments.

There are two simple reasons.

- One, there is no consensus as to just what social responsibilities the corporation can be expected to assume.
- Two, there are no precise guidelines as to how much a corporation should do in any social field.

How many unskilled minority workers should be employed?

How much should be invested in equipment to curb pollution?

What proportion of its net income should a corporation contribute to civic and educational causes?

On what public issues, like equal housing opportunity, should corporate officials take a stand, and how vigorous a stand?

The scope of a social audit cannot be defined as yet, in accountants' terms, with all the precision that is needed. Furthermore, no yardsticks—for example, the "current ratio" or "inventory turnover"—exist with which to measure accomplishment.

Expectations that have evolved over the past five to 10 years confront the corporate executive in 1972 with a dilemma.

On the one hand, the corporation is expected to do more, to undertake costly and profitless responsibilities, and to tell its stockholders as well as a growing array of federal agencies—the Equal Employment Opportunity Commission, Environmental Protection Agency, Federal Trade Commission, Food and Drug Administration, Securities and Exchange Commission and others—what it is doing.

### Where from here?

On the other hand, the corporation is given neither a clear description of what to do—nor yardsticks by which to gauge its performance. The corporate executive may fairly ask: "Where do I go from here?"

An answer to that question may be suggested by the actions of a handful of large, well-known companies such as those mentioned at the beginning of this article.

Like Chase Manhattan Bank, the Bank of America in San Francisco has brought in outside observers to assist its own staff (headed by an executive vice president for social policy) in taking stock of what it has done and what it should be doing.

Standard Oil of New Jersey has developed, for internal use only, a policy statement which clearly reflects as thorough a consideration of what its obligations are—and why and what it will do about them—as that of any company.

A group of firms, headed by the Coca-Cola Corp., contracted with the Hudson Institute to draw up a check list that will enable each company to evaluate its activities against what society now expects of it, and will expect in the years ahead.

As many annual reports show, the example of these firms is being watched, if not yet followed.

The trend of the past decade makes it pretty clear that the social accounting most corporations have been making will not suffice. More comprehensive reporting will likely be insisted upon.

The criteria required to make a social audit feasible will, it seems, be hammered out in our time. It may be that through such audits business will win the public approval it needs—and has deserved more fully.

END



1. The foreman makes a mistake in assigning overtime. How does he field the resulting sensitive gripe and admit he's wrong?

2. The plant superintendent shifts workers from the foreman's department. How does the foreman keep his production up and his temper down?

3. A machine breaks down that the foreman can fix—so he does—and gets an immediate squawk from the maintenance department. Does he ignore it, try to settle it, what's his move?

4. A new foreman finds a good employee hitting the bottle, causing loss of time and productivity. How well has the foreman been trained to meet this situation?

5. The foreman gets hit with a 3 hour *rush job*. How does he cope with the pressure and not create a personnel crisis?

6. A new worker with a foreign accent is being needled by other workers. He is bitter, his production suffers. How can the foreman step in effectively?

7. An eager beaver engineer demands careful quality checking, but it's wrecking the production rate. Should the foreman seek help? If so, how? Where?

# How Do Your Foremen Handle Themselves In These Seven Situations?

☐ Good ☐ Fair ☐ Poor ☐ I really don't know

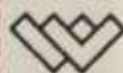
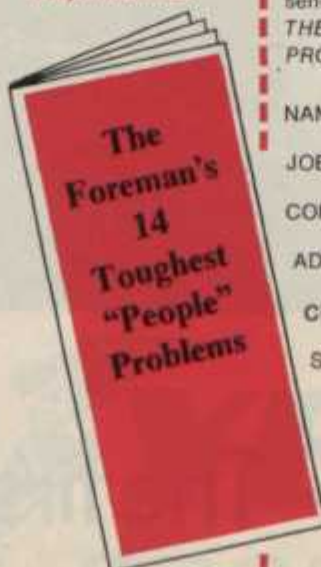
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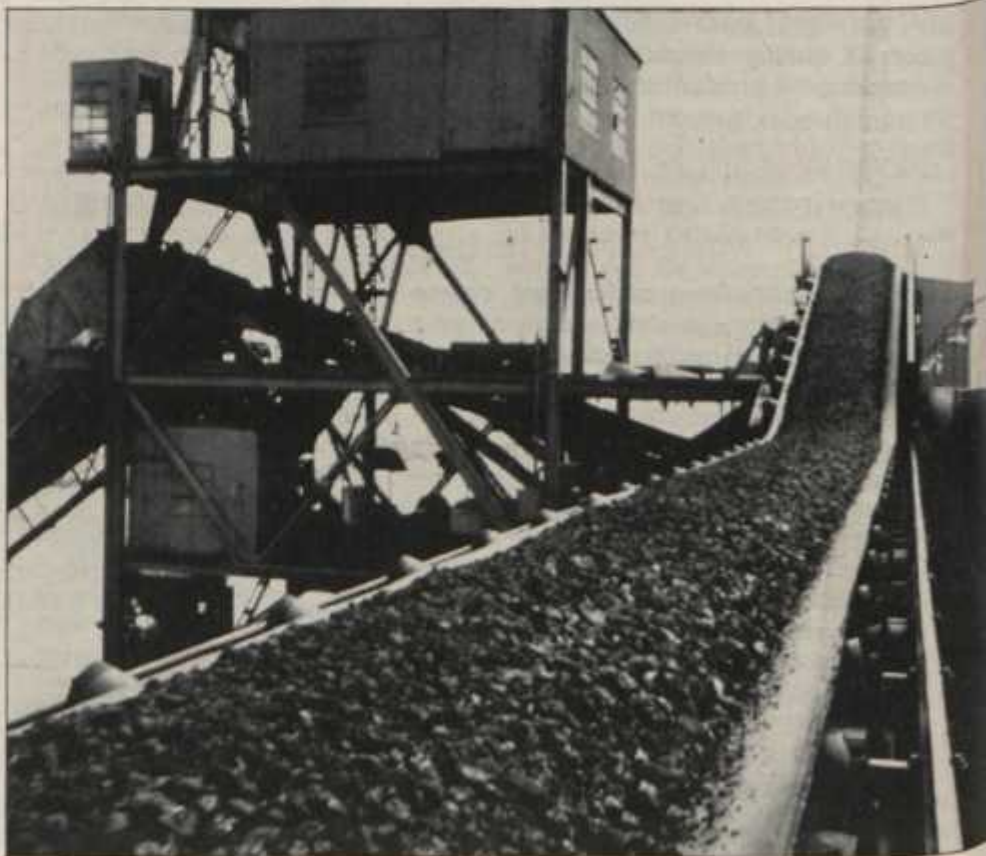
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## INDUSTRIAL PRODUCTS



# New Openings for Temporary Help

Temporary office help once meant someone to work for Jane while she had a cold or was on vacation. Later, employers realized that by using temporary workers at seasonal peaks and for special projects they could keep year-round staffs to a minimum.

As the administration of business has become more complex, more imaginative uses of temporary help have developed.

W. Robert Stover, president, Western Girl, Inc., says a growing number of companies keep new clerical employees on the payroll of a temporary help service while they're on probation. Once the employee has proved his skills and his ability to get along with other workers, he is transferred to the company's payroll.

"This reduces record-keeping," Mr. Stover explains, "as well as employer contributions to federal taxes, state unemployment insurance, work-

men's compensation and whatever fringe benefits the company pays. At the same time, the company has the advantage of a fully bonded and insured worker."

And, he says, the overall level of employees at companies using this approach tends to be higher—there is less rationalizing of marginal tryouts with, "Oh, let her stay; she's as good as we're likely to get."

In many large corporations it routinely takes a week or more for approval of a new employee to come through, Mr. Stover notes. "Rather than risk losing a promising applicant during the approval procedure," he says, "a personnel manager can put the employee on the payroll of a temporary help service, employ him while waiting and then transfer him to the company payroll when the approval comes through."

The temporary help technique can

be used at the twilight of careers as well as at their dawn.

More and more employees who have reached the mandatory retirement age, but are too valuable to lose, continue to work for their company by being placed on a temporary service's payroll, Mr. Stover reports. Similarly, when a retired employee with special skills or knowledge can be of help for a particular or recurring project, he can return to the company as a temporary worker on the service's payroll.

Also, "the relocation of offices or plants presents myriad problems, a number of which can be handled through the services of a temporary help firm," Mr. Stover says. Long before the move, openings can be filled with temporary workers, he explains, and "this provides the company with a continuous work force, without severance or relocation costs."

Some large companies require a formal, written job description. This presents another problem which the use of temporary help can solve.

One company in the Bell System needed an employee for a new job, but the description couldn't be written until someone actually worked at it, and found out all it entailed. The company solved the problem by employing a temporary.

"For several months, the young lady performed the functions expected," Mr. Stover recalls, "plus many others which developed as the work was done. Then she wrote a job description. It turned out to be her graduation thesis. She was hired to handle the job permanently."

Mr. Stover, whose San Francisco-based firm has offices throughout the U.S. and in eight foreign countries, says that during the 1970-71 recession companies found other ways to use temporary help. Office managers and personnel directors frequently filled vacancies with temporaries while determining whether or not to drop the jobs, he recalls.

The same approach, he adds, is useful to businesses which are carefully expanding and reorganizing as the economy swings up. **END**

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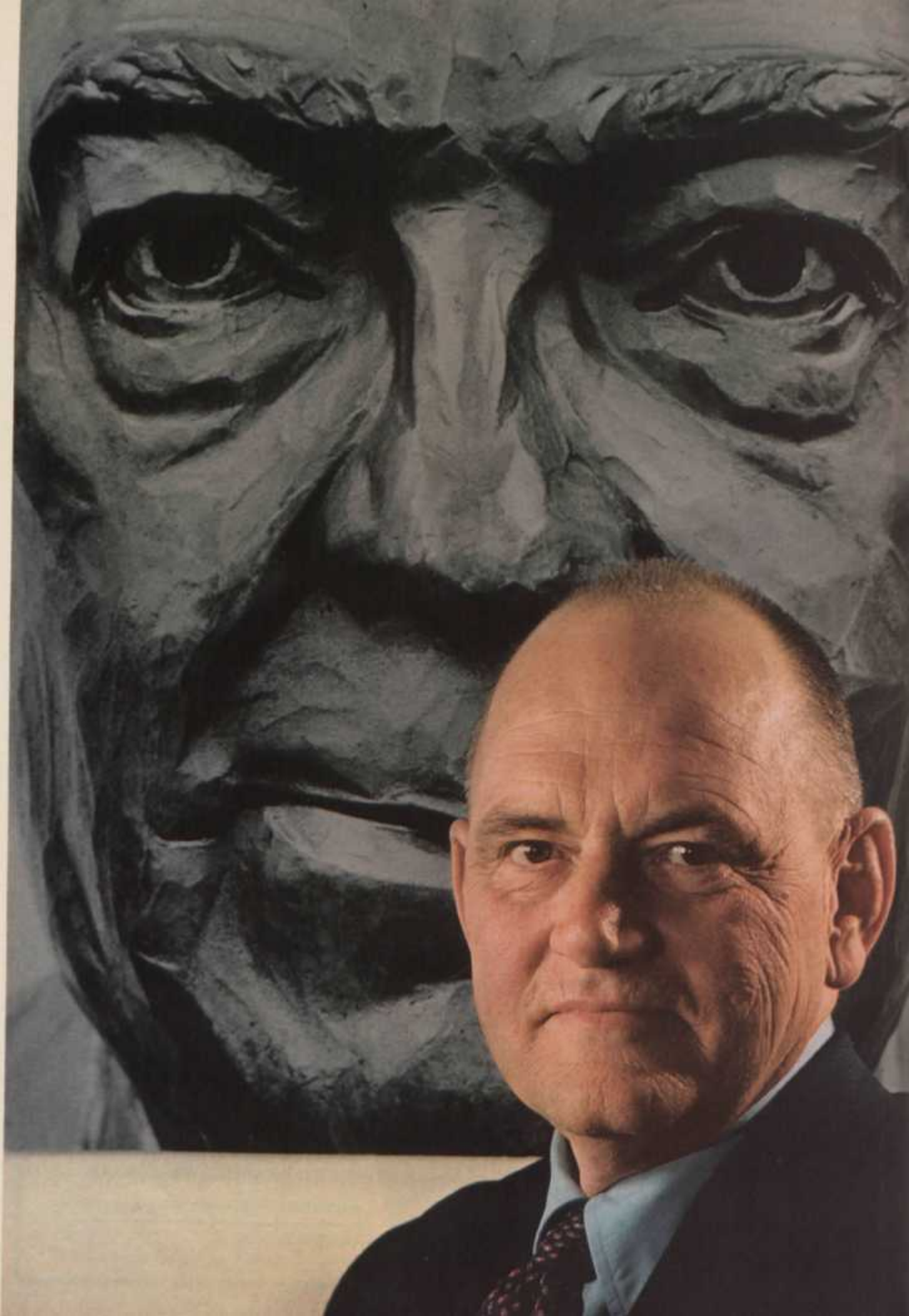
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# The FBI After Hoover

L. Patrick Gray,  
successor to the  
towering figure who  
built a model  
law enforcement  
agency, promises  
some changes  
in style—but  
not in substance

"Pat, you probably would rather be Deputy Attorney General, but I would like you to take this position."

"Mr. President, I will serve in any position in which you would like me to serve."

In that exchange in President Nixon's office, L. Patrick Gray III, whose career had included wartime submarine duty, business, the law and high posts in the federal government, was tapped as acting director of the Federal Bureau of Investigation.

His selection to fill the shoes of the legendary J. Edgar Hoover came out of the blue: "I was stunned . . . the thought had not even occurred to me."

When the appointment came, following Mr. Hoover's death May 2, Mr. Gray was Assistant Attorney General in charge of the Justice Department's civil division and was awaiting Senate confirmation of his promotion to be Deputy Attorney General, the Department's No. 2 spot.

Instead he found himself in a singular position: Directing the FBI in the shadow of the man who had created it and built it into a model of incorruptible, effective law enforcement.

His "acting" status was no deterrent at all as Mr. Gray, who will be 56 this month, moved forcefully into his new job.

In the privacy of his summer home in Stonington, Conn., he wrote out in longhand pages and pages of questions he wanted answered. This was distilled into a list of "avenues of inquiry" into 13 specific areas to determine exactly what the FBI was doing to meet its major challenges and what more could be done.

Among the challenges he listed: Organized crime, subversion, drug abuse and how law enforcement agencies can gain acceptance and appreciation from the communities they serve.

Mr. Gray said that he planned no substantive policy changes, but that there would be changes in "style"—which he defines as the way an administrator implements policy.

Among his early moves were decisions to recruit women as agents, to put more emphasis on hiring qualified members of minorities as agents, and to relax appearance standards

(agents' hair may now creep down to their collars, and Mr. Gray has said he doesn't object to "contemporary" dress as long as it is neat).

Taking note of how "distinguished" his predecessor was, Mr. Gray said that nevertheless "I must be myself, and I will not try to be someone else."

Mr. Gray, an Annapolis graduate, was a submarine officer in World War II and the Korean War. While in the Navy, between those conflicts, he earned a law degree from George Washington University.

Retiring from the Navy in 1960, he served briefly on the staff of then Vice President Richard M. Nixon. He practiced law in New London, Conn., for most of the 1960s—a period in which he also formed a small business investment company and was its executive vice president and general counsel.

In 1969, he became executive assistant to the Secretary of Health, Education and Welfare and, in late 1970, an Assistant Attorney General.

He calls himself a "moderate conservative" politically and votes for Mr. Nixon.

Mr. Gray, who was born in St. Louis and studied at Rice University before entering Annapolis, is very much a family man—he has a wife and four sons.

Since taking charge of the FBI, Mr. Gray has worked many days of 18 or 20 hours. But he obviously likes his job and would welcome a chance to keep it on a permanent basis. (Mr. Nixon decided not to appoint a permanent FBI director until after the Presidential election. He felt a nomination, which would be subject to Senate confirmation, could become embroiled in the political campaign.)

Mr. Gray keeps in prime condition by working out in the FBI gym three times weekly, exercising at home on other days, swimming daily in his apartment house pool and eating carefully. He goes to Stonington nearly every weekend and gets in roadwork whenever possible.

His favorite pastime is sailing, which he does off the Virgin Islands during vacations. He spends what time he can reading history and rarely turns on television except to see the weekly program on the FBI,





Attending a physical fitness class in the FBI's gym is among the ways that Acting Director L. Patrick Gray III (at left in dark shirt) keeps in the trim of his Navy days. Others working out include Attorney General Richard G. Kleindienst (far right) and (foreground) Internal Revenue Commissioner Johnnie M. Walters, formerly a high Justice Department official.

## The FBI After Hoover *continued*

which he enjoys. And there's something else about him.

Many people say he has facial expressions closely resembling those of J. Edgar Hoover.

Mr. Gray says he has studied his face in the mirror and concluded he does not look like Mr. Hoover. But the *NATION'S BUSINESS* editors who conducted the following interview say he does.

**Robert Kennedy, when he was Attorney General, demanded Mr. Hoover lower FBI standards so more members of minorities could be brought in as agents. Mr. Hoover resisted. What would you do?**

I would resist anybody who told me I had to lower the standards of

the FBI, and I think I would be respected for doing it.

Black Americans, Spanish-speaking Americans, American Indians and Asian Americans are American citizens and the FBI belongs to all the people of America. They should be represented in the FBI, but we are not going to reduce our standards in order to obtain them as special agents. I do not believe they want this to occur, either.

One problem has been that individuals from these groups who meet FBI standards very often find other jobs paying more money, even though the FBI now pays quite well.

You must keep in mind, however, that the FBI has had some very, very fine special agents from these groups.

The record of employment of such Americans was good under Mr. Hoover.

**One of your first acts in this job was to open special-agent positions to women. How are you handling this?**

The law prescribes that women shall be treated equally in employment, and I resolved not only to follow the letter of the law but also the spirit.

So, we are going to take women as special agents. They are going to qualify the same as male special agents do and they are going to perform the same duties we would expect a male special agent to perform.

I know there will probably be some objections out in the field—there



have been some comments already. I have been visiting our offices throughout the country and I have told our people I expect our traditional leadership to be exercised to help new women special agents to be accepted, and to be assisted to become valuable members of the team.

**What will you do when politicians—as is inevitable—reach for the levers of power at the FBI?**

I will resist them with every bit of ability I have. I may have to sit down face-to-face for a full discussion with any politicians who may seek to run the FBI.

I don't know that this is going to occur frequently. I do not expect political interference. I haven't been in this job long, but I must say no such attempts have been made as yet.

**Mr. Hoover was certainly sensitive to criticism. How are you at taking the barbs, Mr. Gray?**

I have told members of the press that I know I am going to make decisions they are not going to like and that they will criticize me. Some of the early cartoons drawn of me haven't been very complimentary, but the individuals drawing them have a perfect right to draw them and they don't upset me.

The only standard of accountability that I am going to maintain is that the press report facts. I certainly am not going to get angry or depressed when I am criticized.

**What are your feelings about gun control?**

I believe part of this is a problem that must be handled on the state level. You know, there is always the inclination to raise to the federal level all sorts of problems that could be handled by the states.

There is, however, a federal problem in play here—regarding such things as interstate commerce in firearms, federal crimes committed with guns, and other crimes which Congress has specified that the FBI should investigate.

Unquestionably, gun control, both in terms of legislation and enforcement procedures, needs further attention. While it is not within the province of the FBI to prepare or rec-

ommend any specific gun control legislation, I certainly favor effective regulatory measures directed toward keeping firearms—and particularly handguns—out of improper and irresponsible hands.

Such measures should, I think, include required registration in every state based upon issuance of a purchase permit after a police check. There is an understandable outcry to take immediate and stronger steps in this area following a tragedy such as befell Gov. Wallace. However, it is imperative that gun control be approached calmly and deliberately, bearing as some believe it does on a constitutional issue and affecting as it does ownership of firearms by those who pose no criminal threat to society.

**What are your feelings about forming a national police force as many other countries have done?**

It would be easy to create a national police force by continually enlarging the jurisdiction and size of the FBI. As long as I am in this position I will not take the first small step to create such a force, nor do I believe that an American Congress or an American President would permit such action to be taken.

**Should there be a board to oversee FBI activities?**

I've thought at great length about this and I've had position papers drawn up which go into such possibilities as a Congressional oversight committee, a Congressional investigating committee, a Presidential commission or a review board. I've thought in terms not only of a policy review board, but of an operational review board and a disciplinary review board.

I have not yet seen strong reasons why we should have any group coming in to investigate the FBI. But I have not closed my mind on the formation of a director's advisory group or a director's consulting group. And, I would expect that if I ever make a decision to form such a group or groups I would be an active group member.

**Would you state your position regarding wiretaps?**

I believe the limitations which

Congress has placed upon the use of wiretaps provide the needed constitutional safeguards. We use wiretaps in our battle against organized crime operations and they are permissible under law. Judges approve their usage through court orders and there is careful supervision of such usage.

Through wiretaps, the FBI has made substantial progress in our battle against organized crime—many, many indictments and convictions have been achieved. The court-ordered wiretap is a weapon to maintain, and we do not want to lose it. It is very important to us.

Wiretaps have also been used to protect the national security. In cases involving domestic security, the Attorney General has ordered termination of all electronic surveillances that conflict with the Supreme Court's recent opinion and has said the Justice Department was going to work with Congress in formulating legislative standards in this area.

**What can the businessman do to prevent the intrusion by organized crime into legitimate business activities?**

It is essential that businessmen be alert to such moves and cooperate with law enforcement agencies.

Strategies used by underworld elements to illegally infiltrate and influence business vary considerably. For example, experience has shown that many businessmen foolishly invite hoodlum intrusion by dealing with loan sharks or by making deals with those who promise to insure labor peace.

Businessmen encountering a situation felt to involve some form of hoodlum intrusion should promptly discuss the matter with a law enforcement representative.

Probably the FBI's biggest challenge today is to subdue organized crime, because it permeates every level and almost every activity of our society. We see the invasion of legitimate business and the terrible acts perpetrated upon poor people by organized crime as one of the great problems of the day.

And, speaking of problems, I'm put to thinking also of the bombers—perhaps they should be called revolutionaries.

To me they are vicious individuals



## The FBI After Hoover *continued*

who are perpetrating vicious crimes against humanity. We have to uncover these people and we have to deal with them more effectively than we have in the past.

As you know, there were some complaints that the FBI under Mr. Hoover was harder on auto thieves than on organized crime figures. What about this? Will you step up the pace?

While for years the FBI lacked extensive jurisdiction in organized crime matters, we seem to have accelerated rapidly and on the basis of present information I feel we are doing all we can.

Some of the criticism of the FBI sprang from the fact that we do not permit our special agents to work under the command of anyone but their own officers. We have not assigned FBI agents to work on federal task forces combating organized crime, and we will not. But that does not mean we do not cooperate with these task forces.

In fact, we do. The FBI recently has received two fine congratulatory letters from the Assistant Attorney General (criminal division) regarding help given to task forces investigating organized crime.

**What do you see as the FBI role in the field of combating drug abuse?**

We have no primary jurisdiction in this field, but we do, in our usual efforts, come across considerable information regarding drug pushers and suppliers, and we send this information on to those who need it. I'm pleased that many arrests and drug seizures are made on the strength of FBI information.

**If one of your special agents had a son or daughter arrested for possessing marijuana, how would you approach the problem?**

I would be disappointed in the youngster, but I think my reaction would be that here is a human being with a weakness who stumbled. I would expect the father and mother to stand by the child. I would not look upon such a situation as an embarrassment to the FBI.

There was a recent case of an FBI special agent who had a son involved in a burglary.



Mr. Gray with Attorney General Kleindienst in the latter's ceremonial office. The acting FBI head, a former Navy officer, likens their relationship to that of admiral and captain. When he took over his new post, Mr. Gray told his immediate boss that "if I can't do the job, you'd better get another captain."

*Hoover*

The agent made the report, which got all the way to me.

I sent the agent a handwritten note extending my sympathy and telling him that we understand, that it can happen, and for him to stand by the boy.

**Mr. Gray, the country is concerned about the crime rate. What can you say about your overall philosophy on the crime problem?**

First, I want to emphasize the very important fact that while crime is still on the increase the rate of increase is definitely slowing down. For

example, the annual rise in 1966 was 11 per cent, in 1967 it was 16 per cent, in 1968 it was 17 per cent, in 1969 it was 12 per cent, in 1970 it was 11 per cent and, significantly, it slowed to 6 per cent in 1971. I am extremely hopeful for continued improvement.

I very definitely think a lot of us need to carefully re-examine some of our fundamental thinking regarding crime. For example, we talk about 5,900,000 serious crimes being committed in 1971. Maybe we ought to emphasize that there were 5,900,000 crime victims.

To be blunt, no one is paying



enough attention to the victim. We see legal aid societies, public defenders and groups of young lawyers spending millions of dollars and an abundance of manpower in protecting the rights of the criminals. I would like to see some of this effort go toward protecting the rights and welfare of the victims.

They need legal counsel and guidance and other help and support on a vastly greater scale than they are now receiving.

We hear about defense funds being raised for criminals charged with murder and other heinous crimes. Far too little is being done for the innocent victims.

I remember the picture of the 17-year-old black girl which appeared in a national magazine recently. She had been blinded by a robber.

I think about that young policeman killed in the line of duty whose widow was left with three small children and a bleak future, and I strongly support the efforts going on today to do more for the police officer killed in the line of duty.

Let's give a lot more national attention to what can and ought to be done for victims of brutal assaults who spend months in a hospital, for old people whose entire life savings are stolen, for rape victims who may have to spend the rest of their lives undergoing mental treatment. It's high time we turn our thinking around and do some deep soul-searching in this area.

**Will the four Nixon appointees to the Supreme Court—strong law and order Justices—make your job easier?**

Yes, I am, of course, interested in the decisions of our Supreme Court, vitally interested. While it is true that some prior decisions have handicapped law enforcement agencies, we in the profession have done our utmost to work within the framework of these decisions and carry out our responsibilities to our communities.

As presently constituted, the Supreme Court is modifying some prior decisions, which will be of great assistance to law enforcement agencies without sacrificing constitutional rights and without handicapping our society in our efforts to protect ourselves.

**How do you see the role of courts in the law enforcement system?**

The FBI is primarily an investigating agency and there have been some court decisions which could be said to have hampered our work. Nevertheless, I believe that our investigations and our successes are based upon compliance with constitutional principles.

With regard to the total human process, court decisions obviously have very great impact, and particularly in the field of bringing an individual to trial promptly and moving the trial along quickly.

**Some people argue that certain so-called "victimless crimes" should be made legal because the offenders aren't harming anyone but themselves. Gambling, prostitution and even narcotics are cited. What's your view?**

I think that taking any such step would be a most dangerous experiment with the health and welfare of our American society. I am adamantly opposed to it. I see no redeeming prospect in it at all.

Take the gambling aspect alone. Illegal gambling accounts for the bulk of the dollars earned by organized crime and gives it the investment capital which enables it to get over into those other areas in which it viciously preys upon all of us.

To legalize gambling is to present a situation in which the long arm of organized crime may easily assume the cloak of legitimacy.

**What is your attitude toward privacy of FBI files?**

We have done everything within our power to insure the integrity of our files. There are certain clearance matters in connection with employment where a judgment has to be made by an individual agency, a government Department or committee. They must see some of our information.

But we do not permit these files or summaries of or extracts from them to be delivered to anyone who does not have a legal right to see them.

I believe the American people expect us to be in a position to protect them by maintaining the integrity and privacy of our files. **END**

## *How does a State Industrial Development Director sell his state to a Minister of Trade?*



Wilbur Martin, Nation's Business managing editor, flew to Europe with U. S. State Development Directors to find out just how it's done. This story—one of many—will appear in the Industrial Development section of October Nation's Business.

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# Take a Crime-Free Trip

Here are ways to avoid some unpleasant reception committees which await you when you travel

A high ranking German diplomat resists two women robbers on the streets of New York City and is slain.

A businessman taking an after dinner stroll in Washington is mugged and seriously beaten in the shadow of the White House.

These cases make headlines around the country.

One that doesn't, but is the type of crime that business executives and other travelers continually face these days:

It's late afternoon when the tired executive returns to his hotel room. He shucks his coat, empties his pockets and stretches out on the bed, planning to scan the evening paper before eating. But he falls asleep.

When he awakens several hours later, the pages of the newspaper are over his face. Normally a prudent man, and a seasoned traveler, he can see by his ransacked wallet on the bureau that he has become a crime statistic and that it's his own fault—he has forgotten to double lock the door and hook up the guard chain.

The hotel clerk tells him he is lucky he didn't awaken when the crime was committed, because hotel burglars normally travel in pairs. One usually holds a knife to the throat of a sleeping victim while his confederate picks up the valuables.

Just how many business people are victims of crime while traveling is not known. Such statistical breakdowns are not normally kept by law enforcement agencies or insurance companies.

The Federal Bureau of Investigation looked at the problem in Washington, D.C., in 1965 and found that 22 per cent of the robbery victims were nonresidents. Of victims of crimes such as larceny and auto theft, 30 per cent were nonresidents.

Last year, the rate of increase of serious crime was half that of 1970, says the FBI, but if the rates climb as they have in past years, major crimes affecting all segments of the population this year are likely to include more than:

- 450,000 robberies.
- 2.5 million burglaries.
- Two million larcenies over \$50.

Just these three crime categories will net criminals some \$1.3 billion.

## Security tightened

Businessmen who travel and the businesses that cater to them are acutely aware of the crime problem and are taking positive steps to combat it.

Airlines, for example, are insisting on better identification on luggage. Some hotels are closing little used entrances and installing closed circuit television in hallways. Motels are putting better lighting in parking lots. Overall, security measures are getting a general tightening.

While civic boosters understandably don't publish little blue books on how to guard against crime in their particular cities, more and more businessmen now prepare for trips as if they were going to combat zones.

Tending to confirm this are the results of a recent survey conducted



*Frequently working in pairs, hotel and motel burglars may resort to violence if a sleeping guest awakens and makes an outcry. In one Texas city, a professional woman was hospitalized as a result of just such a savage beating.*



## Take a Crime-Free Trip *continued*

for the American Express Co. The study, concerning only loss of cash, disclosed a 25 per cent decrease from 1965 to 1971 in the number of travelers who became victims of robbers, pickpockets, hotel and motel burglars, parked car sneak thieves, etc.

Almost nine out of 10 of the victims became crime statistics in their own home towns, the study found.

(Interestingly, the rate at which Americans aged 18 through 20 are victimized is now 2½ times that for the population as a whole.)

"Evidently, thieves have been finding some shrinkage in the availability of victims among travelers," comments Donal E. J. MacNamara, professor of criminology at the City University of New York's John Jay College of Criminal Justice.

According to the survey, in 1965 one out of six victims lost cash while traveling; in 1971 it was one out of eight.

Experts say that probably two factors are involved: prudence in the handling of money and more use of "cash substitutes" such as credit cards and travelers checks.

Purloined as well as lost baggage is a headache for airlines and travelers alike.

George A. Buchanan, vice president-traffic of the Air Transport Association of America, emphasizes that an airline passenger should be at the luggage section when his bag arrives.

### Checked—and unchecked

But a bold thief is hard to foil, the Insurance Information Institute reports, citing as an example a recent case in Chicago.

Shortly after a businessman had checked his bag, and headed for the loading gate, a distinguished-looking gentleman appeared at the desk.

"I'm terribly sorry," he said, "but I just had to cancel my reservation. Could I have my bag back?"

Given the person's name that was on the bag, the unsuspecting attendant handed it over.

Alfred Haggerty, an official of the Institute, warns that professional thieves find the executive's briefcase an attractive target, recalling a recent claim from a businessman

staying at a well-known San Francisco hotel.

He had dropped his briefcase off with the room clerk for safekeeping while he went to his room for a few minutes. The briefcase contained a large sum of cash and some expensive personal possessions.

Moments later a well-dressed man who had been struggling with the nearby cigaret vending machine appealed to the desk clerk for help. While the clerk was away from his post for only a few moments, another man deftly departed with the briefcase.

The police speculated that the businessman who had left the case had been followed in his previous stays at the hotel. Once familiar with his habits, and perhaps tipped off as to what was in the case, thieves devised a way to steal it.

### The tempt commandment

Mr. Haggerty says that a hotel's responsibility varies from state to state and businessmen would be wise to read the usual warning signs.

More and more hotels and motels

## How to Protect Yourself

Here are some suggestions by law enforcement, hotel and insurance officials on how the businessman who travels can protect himself:

### BEFORE YOU LEAVE

1. Keep the amount of cash you plan to carry to a minimum. Keep travelers checks and records in separate pockets.
2. Keep credit cards in separate wallet from cash.
3. Prepare a list of credit card numbers, and model and serial numbers of any equipment you are taking on the trip. Leave a copy at the office.
4. Treat confidential business information you take with you like cash—take only the minimum.
5. If you're being met by a stranger,

arrange a method of positive identification.

### TRAVELING

#### (By public transportation)

1. Securely label your luggage on the outside and have identification on the inside. Watch unchecked baggage, such as carry-on items in airliners and when using limousine/bus service.
2. Don't leave luggage unattended. Stay with it. Only use authorized porters. Turn down help from strangers.
3. Don't reveal where you're staying, your business and your plans to fellow travelers.
4. Be wary of pooling with strangers to take a cab into the city, and of unregistered "gypsy" cabs.
5. Be alert for pickpockets in crowded areas and on urban public transportation.
6. Don't fall asleep if you can help it, especially if you have to use

public transportation that makes frequent stops.

#### (By automobile)

1. If you rent a car, don't park after dark on dimly lit streets. However, if you must do so, approach your car only after you're sure no one is lurking about. Have your key out, but don't get into the car until you're sure there's no one hiding in front or back. Immediately start the engine and move out of the area.
2. Don't pick up hitchhikers or stop to ask directions of people on the street. Go to a service station or find a policeman.
3. Preplan your route so you won't arrive late at night and will avoid high crime areas.
4. Leave only your ignition key if you must park in a garage that insists the key be left in the car.
5. If you are endangered, stay in your locked car and sound your



these days are actively enlisting the aid of their guests to combat crime. For example, the New York Hilton welcomes its patrons with a card that reads: "Thou Shalt Not Tempt" and advises guests to use the safe for valuables.

Tempting a hotel burglar is only one kind of temptation.

Often moving at a frenzied pace, the businessman may forget to be cautious.

Without exception, the advice of law enforcement officers, insurance men and other security experts stresses the importance of "being aware of your environment at all times."

Crime, of course, is everywhere these days, but in certain areas it is more prevalent. Robbery—armed and unarmed—is essentially a big city crime. Nearly 75 per cent of the crimes in this category take place in cities with the populations over 250,000.

Businessmen away from their home territory must always be alert about street crime. In the past decade this type has increased 229 per cent.

What should you do when you're



*An executive lost his shirt—and his pants—after he was abducted at the curb outside his hotel in a brightly lit section of San Francisco.*

a robbery victim? "Give them the money—everything. Don't resist," say law enforcement officers.

How do you spot a potential rob-

ber? You don't—although FBI statistics reveal that three out of four persons arrested for robbery are under 25 years of age.

Inspector Ernest J. Prete, assistant commander of the Criminal Investigation Division of the Washington, D.C., police department, says there are no typical methods or typical traits that identify criminals. "If there were, we'd go out and round them all up," he says.

The best defense against robbery, he says, is "not to look for trouble."

But sometimes it comes looking for the businessman who feels he is in a safe area, such as the insurance executive who paused on a curb of a well-lit street on San Francisco's Nob Hill. Suddenly an auto carrying two men screeched to a halt beside him. Before he knew what was happening, one of the men jumped out, opened the rear door and roughly pushed him into the back seat.

The dumbfounded executive found himself staring at a gun, and when he was dumped several miles away, he had lost everything, including his clothes.

horn in a series of blasts, not a steady one as if the horn was stuck; and turn on your emergency flasher.

#### AT THE HOTEL OR MOTEL

1. Put the valuables—cash, travelers checks, jewelry, etc.—you don't immediately need in the hotel safe.
2. Don't leave valuables in your room, even if you're going to be gone for only a few minutes. Don't leave valuables locked in luggage or try to hide them, and don't display your valuables in the room.
3. Inspect the locks on the door and understand how they work. Always check to see if you locked the door on leaving. When you are in your room, always lock the door. Use the double lock and chain if there is one.
4. Don't open your door to strangers. Keep the chain latch on. If

the stranger claims to be a hotel employee or maintenance man, verify with the desk. Be wary of wrong number telephone calls.

5. If there are suspicious people loitering in the hall near your room, don't try to enter. Don't use stairways. Guard your room key. Keep it with you at all times, and be careful when in public not to let strangers overhear the name of your hotel, your room number, and your plans for the evening.

#### ON THE STREET

1. Before venturing out, ask friends or a hotel official for a frank estimate of the crime situation, and advice on areas to avoid.
2. Stay on well lighted streets, avoid alleys and shortcuts and parks. Walk on the curbside of sidewalks, away from vacant lots, dark entrances, and hallways, but detour around parked cars.

When on dimly lit streets, keep moving and walk in the center of the street if you can.

3. Don't stop if a stranger approaches you for money or a match, or calls to you from a parked car. Don't investigate "funny noises."
4. If you are approaching a suspicious person or group, cross the street. Turn back to a better lighted area if necessary.
5. Should you be held up, don't resist. Stay cool. Unless your life is threatened, fighting back can mean serious injury to you.

REPRINTS of "Take a Crime-Free Trip" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



# The Past Is Prologue

Thirty years ago in Nation's Business

(established 1912)



"The confusion over price control is the natural result of barricading a free economy. The necessity is not denied. Patriotic business leaders warn against any preconceptions that the law was made to befuddle and bedevil legitimate business."

So said the lead article in the July, 1942, issue of NATION'S BUSINESS.

With the nation more than six months into the greatest war it had ever fought, the thrust of that issue was on the herculean role being played by businessmen in the struggle for survival, and on the difficulties they had to surmount in doing so.

"Because private enterprise dares risk \$35 million without a return, copper for victory is coming out of a mine long since believed to be worked out," one article pointed out.

Said another: "With all government bureaus trying to win the war in their own way, the citizen finds himself trying to obey rules that frequently don't mean what they say."

The lead article, on the new Office of Price Administration, noted:

"Price-fixers, originally expecting to deal only with wholesaling and retailing, find themselves involved in fields of labor, agriculture, manufacturing, with unexpected complications bobbing up on every side."

The dollar-a-year man was later given a large share of the credit for keeping the World War II industrial machine right on target. But the salary-free executive's acceptance in the burgeoning bureaucracy of those early war days was less than friendly. He was the butt of many jokes and he was held in suspicion—even his patriotic motives were questioned.

In an article on "How to Be a \$1-a-Year Man" the magazine summed up:

"Fingerprinted, indoctrinated, at the mercy of second-guessers, the businessman who serves his government in Washington holds a competitive 10-hours-a-day job."

Then, as now, businessmen faced the problem of taxes at every turn. In July, 1942, Congress was considering substantially higher levies on corporations to finance the war. NATION'S BUSINESS published a letter sent to every member of Congress by A.W. Robertson, chairman, Westinghouse Electric and Manufacturing Co., which urged a go-slow approach. The letter concluded:

"It is hardly necessary to add that this is not a plea for war profits. It is written to emphasize the fact that we must have money left after paying expenses (and taxes in any form are expenses) if we are to keep the factory doors open and do the job that must be done 24 hours a day."





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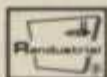
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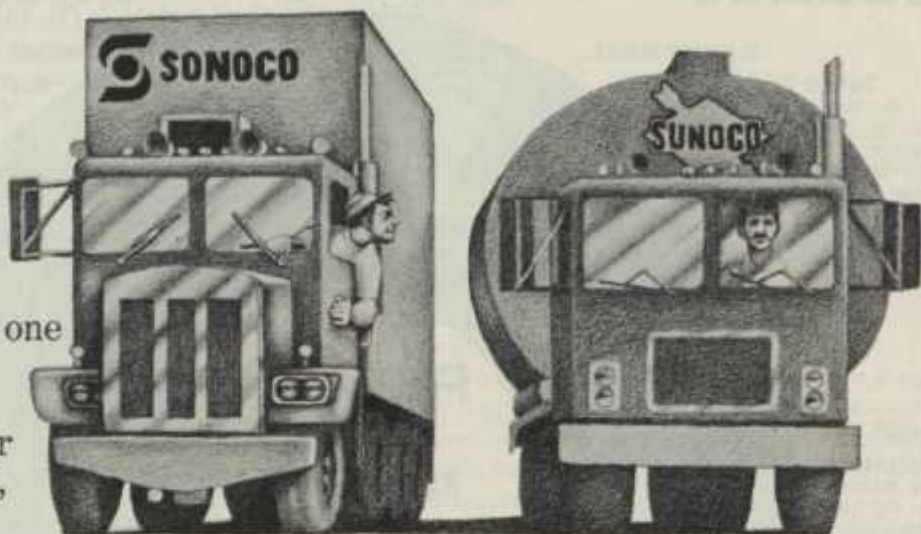
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# Spotting the Salesman Who Has What It Takes

"Nothing happens," publisher Arthur H. (Red) Motley once observed, "until somebody sells something."

Truer words were never said.

Let's zero in on the guy who sells well.

Nothing is more important to marketing executives than he is. He's the key to their success.

What's he like—and how can you spot him? Here are some tips I've gleaned from 17 years of selecting, training, motivating and developing salesmen.

- He should be hungry.

Salesmen who were literally hungry ceased to exist after the early '40s. But the figuratively hungry salesman still can be found, though it isn't easy. The hungry man today is hungry for recognition, accomplishment and achievement.

Regardless of what he is hungry for, the hungrier the better—with one exception.

That's the guy who is so greedy that he can think only of himself. He is so obsessed with personal opportunism that he is oblivious of a company contribution.

- He should be gifted with a good imagination.

A salesman with no imagination is simply not capable of success. Ask him, for instance, what his goals for five to 10 years hence are and how he expects to get there. You'll soon see if he has imagination.

- He should have initiative.

What has he done on his own? What associations does he belong to, what offices has he held? What does he do in his spare time? What jobs has he held?

- He should be a team worker.

Is he a company man? Can he handle adversity as well as opportunity?

Chances are, when you find a good prospect, he'll also have qualities like these:

- He was an above average student—but not an egg-head.

Phi Beta Kappas make poor salesmen. Why? I can only guess.

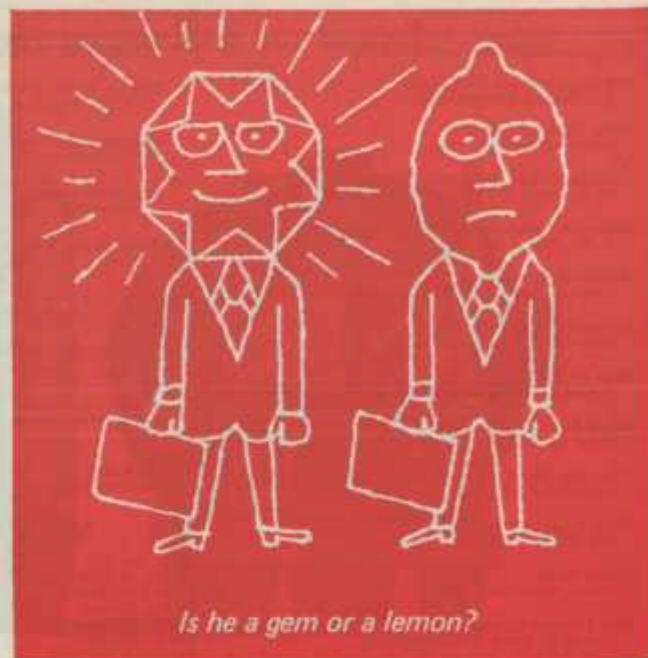
As outstanding students, they get lots of attention, lots of recognition. Sales may be beneath them. After all, the management training companies want the whiz kids.

A genius finds it difficult to be humble. Few customers are comfortable with people who insist upon being superior.

- He is a college graduate.

There are exceptions to this rule, but they are becoming scarcer and the noncollege man is always suspect.

Possibly one exception is the man with too many family obligations to finish college and who, with aver-



age intelligence, can overcome this deficiency with pure motivation.

- He worked part-time while he was in school.

Beware of the guy who has never had to apply himself. As a salesman candidate, something is missing.

- He comes from a family in modest circumstances.

A good salesman is out of the nest. He knows he must make it on his own and can't resort to Dad or Mother to bail him out. Also, parents of modest means are much more likely to accept their son as a salesman and be more impressed with his accomplishments.

- He's married—and has at least one child.

This does not imply that the single man can't make it. But the married man is more settled, more determined to get on with this thing called living.

The single man more often typifies instability and lacks the roots of a success type.

- He has held other jobs.

Since so few men are trained for sales, the candidate most likely to succeed is one who has seen the other side. He knows that the hard work of professional selling holds out income possibilities not matched by those for junior accountants.

- Finally, he's a self-starter.

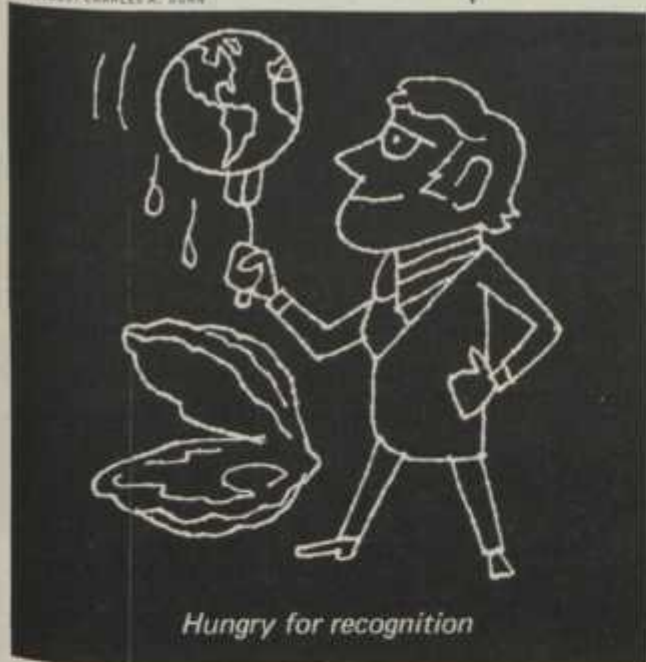
He does things on his own. He doesn't have to be led every step of the way.

## Breaking him in

Now that you have him, prepare for him. First day, have a desk ready. Introduce him, and make him comfortable. And then have lunch with him. A great many

T. G. POVEY, author of this article, is vice president of marketing, Remington Rand Systems division, Sperry Rand Corp.





*Hungry for recognition*

sales trainees decide the first day whether they have picked the right company.

Follow a rigid training schedule. And don't deviate.

It's a great burden on management, but there's no alternative. And be sure you allot time for frequent review sessions—even daily ones—until the new man is well on his way.

At the end of a reasonable period, ask yourself if you have picked a gem—or a lemon. What's a reasonable period of time? I'd say 30 days.

If you've made a mistake, fire him—for your sake and his. Nobody likes turnover, but if it must be done, do it early. I contend turnover is wrong only when it's delayed unnecessarily. Maybe you feel that 30 days is too short a time in which to make a sound decision. If so, never exceed 90 days.

I have rarely seen a doubtful prospect at the end of 90 days become a successful salesman in 190 days.

### **Motivating salesmen**

Say your new man has what it takes. Now how do you keep him fired up about his job?

Incentive bonuses will help, if you make them do what you want them to do. If they become automatic, they also become useless.

Use them to reward the profit producer, the new line acceptor.

Sales contests are also a good morale booster. There are two basic types: Those that entail material rewards, such as merchandise, or inspirational incentives, such as trips.

Everybody enjoys both types. The younger man who is just getting started particularly appreciates merchandise, while the veteran who has his home furnished likes the trip.

If you decide on trips for salesmen, give serious con-

sideration to the wives. Should you take them along?

It usually is better to take them, even though there are traps like the possibility of personality clashes between them, problems of keeping up with the Joneses, and wardrobe demands. If they're along, they feel a part of the company.

The wife who is suspicious of the temptations her husband faces as he heads for Puerto Rico alone may never forgive his company if he is guilty of any transgressions.

By far, the cheapest way to motivate a salesman is to give him recognition. It may also be the best way—addressing him by name, sending a little note of thanks for a job well done, or a get-well card when he is sick, or a sympathy card when he has a death in the family.

And, of course, salesmen love plaques and certificates.

Every year, we give quota producers wooden plaques stating their accomplishments. Some men have won many that must be gathering dust. When we thought we would change tactics and give them emblems to be added to their plaques for each year of accomplishment, there was quite a hue and cry. They wanted individual plaques!

Similarly, every man dearly loves to see his name in print. House organs are excellent for acknowledging his achievements, and home town newspapers even better.

If nothing else seems to work, resort to the threat. Some people can be motivated no other way.

But I'd watch closely the guy who needs too many of these.

### **Management potential**

By the fourth year, the successful salesman should be identifiable as either a career man or a management potential.

In some companies, every new employee is expected to aspire to be a manager.

That's a mistake. You need more salesmen than you need managers.

If a successful salesman can't or won't be a successful manager, don't criticize him—encourage him. It's a terrible mistake to push a person into something he can't or doesn't want to do.

You may compel him to seek a job elsewhere. That's wasteful and foolish.

What's wrong with being a happy, productive salesman making more than \$20,000 annually? We should have more of them.

But if a man is ready to move up, the greatest contribution you can make is getting him to understand the difference between selling and managing. This message, plus your development work in the early formative years, will give the new manager a better chance to succeed.

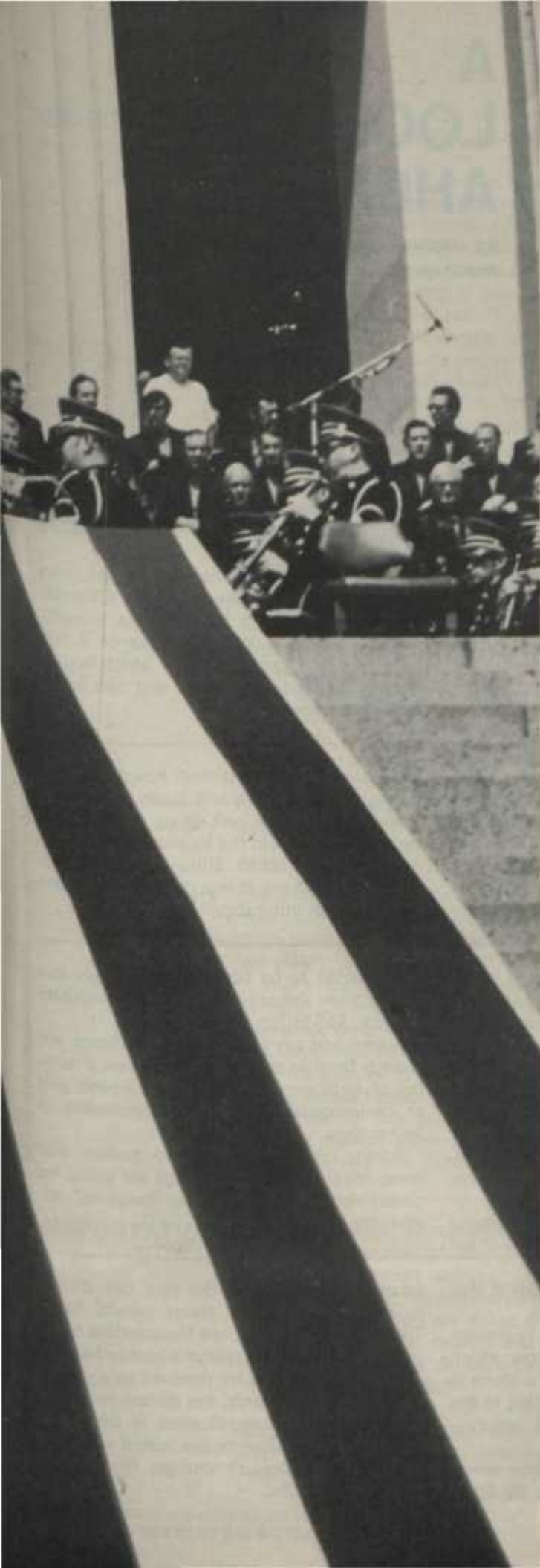
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REPRINTS of "Spotting the Salesman Who Has What It Takes" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.









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## Honor America Day

*[Handwritten signature]*

The 4th of July marks America's Birthday. Our country will be 196 years old on Independence Day, 1972. The day has been set aside to create a greater spirit among all American citizens—a day to rekindle the eager quest for and protection of our freedom.

This year we have something extra to celebrate—the 26th Amendment to our Constitution. This gives more than 11 million young adults 18 to 20 years of age an opportunity to participate for the first time in a Presidential election.

As an essential first step, they should be aided in registering to vote, and in becoming knowledgeable about the candidates' position on major issues. And then, in the General Election on November 7, they should be encouraged to exercise their new, most prized possession—their right to vote for the candidates and the party of their choice.

On each individual rests the responsibility for implementing this right. No one else can do it.

You can truly HONOR AMERICA, and yourself, by participating in the political process that has made our country great.

*[Handwritten signature of Arch Booth]*

Statement by Arch Booth  
Executive Vice President  
Chamber of Commerce of the United States





# BUSINESS

# A LOOK AHEAD

BY GROVER HEIMAN

Associate Editor

## CONSTRUCTION

By 1975, if fiberglass industry predictions are accurate, one out of every two tub-shower bathroom units in new construction will be made of reinforced plastic.

Last year about 500,000 tub-shower units were fabricated out of fiberglass by some 80 plumbing fixture manufacturers. Experts see that figure rising to 1.5 million by 1975.

An even bigger explosion in demand is seen if there is greater acceptance of the plastic units by remodelers.

Until now, the emphasis has been on new

construction because bathrooms literally had to be built around the units. They've been one-piece—and not something you could easily carry down a hall and pass through a door.

But that's not the case any longer, says Fred L. Purtil, an Owens-Corning Fiberglas Corp. vice president. Now there is a multi-piece tub-shower unit consisting of a tub, back wall and two end walls, which will fit through a standard doorway and can be installed in a few minutes.

## FOREIGN TRADE

The U.S. travel business is looking for a million more foreign visitors this year—in all, 14.7 million—due to the dollar devaluation.

About 11.5 million will be from Canada and Mexico, but a whopping 24 per cent increase in numbers is expected from overseas.

The bulk, predicts the U.S. Travel Service,

will come from the United Kingdom, West Germany, France, Italy and Japan.

While this influx isn't going to erase the continuing deficit in the balance of payments due to travel (\$2.65 billion estimated for 1971), it should result in a decline in the rate of increase in this category.

## HUMAN RESOURCES

While the number of men and women in the uniforms of the armed forces is shrinking, predictions are that about 12 million civilian Americans will be in some sort of uniform by the end of this decade.

Only it's no longer fashionable to call their suits, dresses, etc., uniforms. The name is "career apparel," which the Career Apparel Institute applies to employee clothing "designed, assigned, predetermined and sometimes paid for by the employer."

The current market for this type of apparel

is estimated to be between \$50 million and \$60 million annually. By 1980 the industry predicts \$1.5 billion in annual sales.

Airline and car rental agency uniforms are already familiar and the Institute says a number of large corporations have followed suit or contemplate putting their employees in look-a-likes.

Banks, retailers, hotels and motels, and many other service businesses are going for career apparel. "Even funeral directors," advises the Institute.

## NATURAL RESOURCES

Only your jeweler may know for sure if that diamond once had imperfections.

In the past, little could be done to remove or mask imperfections in diamonds, which often show up as dark areas after a stone is faceted. The problem has been getting to the flaws without marring the natural beauty—and value—of the stones.

Now the Raytheon Co. says it has developed a laser that turns the trick. By finely

focusing light energy, the firm has drilled holes in diamonds to reach minute flaws. These holes are about two thousandths of an inch in diameter, the size of a human hair.

The imperfections are removed by a variety of methods; afterwards, the drilled holes are cleaned. Unless magnification is used, the repairs aren't visible to the naked eye, and the operation doesn't change the stone's natural reflections.



## AGRICULTURE

Animal tallow hasn't been exactly a high demand product in recent years, but that might change soon.

The Agriculture Department's Agricultural Research Service Laboratory in Philadelphia says that through a new process, a product with the properties of imported fats such as cocoa butter can be made from beef tallow.

An immediate market is seen in the confection industry. The soft, malleable substance that USDA's scientists have obtained remains firm at room temperatures and melts at body temperatures. Like cocoa butter, candy coatings made with the fat melt in the mouth without a waxy taste, and shrink when molded—an advantage in candymaking.

In a fractionation process, the tallow is separated into 15 per cent hard solid, 20 per cent soft solid, and 65 per cent liquid. By blending the solid and liquid fractions, scientists say, plastic shortenings or margarine-like products can be produced.

Between five billion and six billion tons of beef fat are a disposal problem for processors each year. Only a tenth now goes into edible products; the rest is diverted to "inedible" tallow markets. About half of this is exported.

USDA scientists say that fractionation will open up new markets for edible tallow and could have important implications for the livestock industry.

## MANUFACTURING

The push for more radial tire production, it has been estimated, could cost manufacturers a half billion dollars for new equipment, but Yankee ingenuity may shave that investment.

Tiremakers have been expanding radial production with an eye toward 1975, when it's expected that the more perfectly rounded tire will be original equipment on new cars.

But a sudden spurt in demand for radials as replacements could be met right now, according to Mario DiFederico, executive vice president of tire production for The Firestone Tire and Rubber Co.

He says Firestone engineers have developed a production technique for making ra-

dials with equipment now used to produce regular bias and bias-belted tires.

Normally the radial is made in a two-stage process using specialized machinery, which entails increased equipment and production costs. Firestone has one plant so equipped, but Mr. DiFederico says it's producing radials in five other plants with minimal investment in new equipment.

He adds that his company could expand production dramatically in a few months and be turning out 100,000 radial tires a day, which industry experts say is triple the nation's current daily radial output. "We just need new molds," Mr. DiFederico says.

## MARKETING

It's strictly an outside chance, but businessmen may not have to contend with a new \$450 million postal rate increase scheduled for 1973.

That's the hope held out by Postmaster General E.T. Klassen, who recently discussed his manpower and management problems with the Direct Mail Advertising Association.

In the past, he said, "Once you were hired by the Postal Service you were never laid off. Unfortunately this provision found its way into the current labor contract." He added that, "No tree will continue to bear good

fruit unless it is pruned on a regular basis."

The alternative to the projected increase in 1973, he said, is to "change the way we do business. And that is exactly what we are going to do."

At the top of his list of steps to take is a cut in employment—by attrition. Efforts also will be made to raise productivity through mechanization, through providing more incentives for postal worker efficiency and through eliminating activities that don't directly contribute to the function of the Postal Service.

## TRANSPORTATION

A new technique for making reinforced concrete holds promise of doubling the life of highways and airport runways.

Instead of using reinforcing steel rods, one-inch-long steel fibers are mixed directly with the sand, aggregate, cement and water in a trademarked process called Wirand, producing a "fibrous concrete."

The Battelle Development Corp. holds a patent on the revolutionary process. For the last decade it has been conducting tests in the U.S. and abroad.

The fibers, says Carnegie-Mellon University, where the process was developed under a National Science Foundation grant, serve as crack arrestors. The process reportedly holds great promise for airport runways and highways where high impact loads are to be expected.

But it also holds promise for other applications. Patios, sidewalks and driveways about one inch thick, vs. the four inches now commonly called for, could be "gunned" in place rapidly with a minimum of labor.



## Editorial

### Who Will Pay?

First the "good" news: The federal deficit for the year ended June 30 was about \$13 billion less than expected—only \$26 billion. (That amounts to about \$125 for every man, woman and child in the United States.)

Now the bad news: The new fiscal year deficit could well be another \$10 billion higher than that.

Some day, the whole thing will have to be paid off.



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